GOVERNMENT SPONSORED ADULT VOCATIONAL TRAINING IN SCOTLAND AND THE STATE OF VICTORIA, AUSTRALIA: A COMPARATIVE STUDY WITH SPECIAL REFERENCE TO MANAGEMENT TRAINING

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DECLARATION

Except where specific reference is made to other sources, the work of this thesis is the original work of the author. It has not been submitted in whole or in part for any other degree.

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ABSTRACT

This thesis is a comparative study of management and small business training initiatives in Scotland and the State of Victoria, Australia. The underlying objective of the research was to identify the advantages and disadvantages of devolving responsibility for vocational training to a sub-national level of government.

In Scotland the study encompassed the period from 1981, when the New Training Initiative was launched, until 1988 when development work began in preparation for the establishment of Scottish Enterprise. In Victoria the study tracked developments from 1985, when the formative Kirby Report was published, until 1992 when Prime Minister Keating announced plans for the vocational training system in Australia.

Vocational training systems are inter-organisational by definition. The focus of this study, therefore, was on the processes through which the systems which were studied translated policy intent into action. In particular, it sought to relate the structural characteristics of the implementation networks to levels of centralisation and to the efficiency and effectiveness of the systems.

The study used a mixed methodology which included postal survey, personal interviews and document search.

The findings suggest that behavioural processes were the key to the maintenance of the balance of power in the decentralised Victorian system. Formal inter-governmental forums also played a part, but this was secondary to the use of informal diplomacy and collaborative behaviours by officials within the system. Overall the study concludes that Scotland may have a great deal to learn from federal systems in terms of establishing itself within the European Union.

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List of Abbreviations

AEDP	Aboriginal Employment Development Programme
ATRAC	Australian Committee on the Training Curriculum
ATSIC	Aboriginal and Torres Strait Islander Commission
BGT	Business Growth Training
CBI	Confederation of British Industry
CES	Commonwealth Employment Service
DEET	Department of Employment, Education and Training
DEIR	Department of Employment and Industrial Relations
DITAC	Department of Industry, Trade and Commerce
ESFC	Employment and Skills Formation Council
ET	Employment Training
ITAB	Industry Training Accreditation Board
ITB	Industry Training Board
JTP	Job Training Programme
JTS	Job Training Scheme
MACE	Managing Company Expansion Scheme
MCI	Management Charter Initiative
MOVEET	Ministerial Council of Vocational, Education and Training
MSC	Manpower Services Commission
NBEET	National Board of Employment, Education and Training
NEIS	New Enterprise Incentive Scheme
NIAB	National Industry Advisory Board
NJTS	New Job Training Scheme
NTB	National Training Board
OSTB	Office of the State Training Board
SBDC	Small Business Development Corporation
SDA	Scottish Development Agency
TA	Training Agency
TAFE	Technical and Further Education
TC	Training Commission
TD	Training Division
TSD	Training Services Division
VET	Vocational Education and Training

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Chapter 4 - Formal Structures, Networks and Programmes in Victoria and Scotland

Chapter 5 - Dimensions of Efficiency in the Victorian and Scottish Networks

Chapter 6 - Dimensions of Effectiveness in the Scottish and Victorian Networks

Chapter 7 - Conclusions

DEDICATION

This thesis is dedicated to my parents, Margaret and Matthew Powell, who taught me the value of education from my earliest days.

CHAPTER 1

THE MAKING OF VICTORIAN AND SCOTTISH MANAGERS

1.1 Introduction to the thesis

When the White Paper entitled Scottish Enterprise: A New Approach to Training and Enterprise Creation (HMSO,1989) was published, I was an official of the Training Agency (TA) (1) working in the area of adult vocational training in Scotland. The Training Agency in Scotland had a long tradition as the Scottish region of a G.B. national agency with an extensive local field delivery network. The White Paper proposed establishing a separate entity with devolved responsibility for training intervention in Scotland and the creation of a network of employer led local agencies to implement programmes. It also contained proposals to merge the Training Agency operation in Scotland with the Scottish Development Agency (SDA) which had a much more distinctly Scottish role but which lacked a mature local infrastructure. Although my colleagues and I could not have predicted the detail of the proposals, the key elements of devolution to Scottish level and private sector control were so much a part of the central controversies of the time that there was a sense of deja vu about the announcement. Indeed the broad outline of the proposals had been generally known by senior Training Agency staff since mid to late 1988 and some tentative development work had already begun.

However, in spite of the fact that we had apparently been conditioned to expect some form of devolution to Scotland, much doubt abounded about whether the proposals could really be attributed to one crucial meeting between Bill Hughes and Margaret Thatcher (2). There seemed to be a plethora of supporting ideological reasons for the changes but very little empirical evidence about the benefits of decentralising responsibility for training strategy. Nor was there much data about what the organisational skills would be which would be required to manage such a network (3). This thesis, therefore, started from the basis of two very general questions - "What might be the advantages and disadvantages of devolving responsibility for training strategy from GB level to Scottish level?" and "What are the implications for managing such a policy system?"

In Britain, the decentralisation controversy in relation to training policy had run alongside criticisms of the Manpower Services Commission (MSC), the controversial agency which was set up in 1974 to form policy and deliver programmes in the area of vocational training. (Ainley & Corney,1990: Brown & Fairley eds, 1989: Benn & Fairley eds, 1986). I, therefore, decided to undertake a project which would compare the activities of this centralised British agency with a system where principal responsibility for vocational training lay with a sub-national level of government.

In practice, this led to the decision to undertake a comparative study of government sponsored adult vocational training in Scotland and the state of Victoria in Australia. For methodological reasons which are discussed in chapter 3, the study was limited to developments in management training from 1981 when the document A New Training Initiative: An Agenda for Action (Manpower Services Commission, 1981c) was published up until 1988 when development work began in preparation for the establishment of Scottish Enterprise. In Victoria, the study was chronologically limited to the period from 1985 when the formative Report of the Committee of Enquiry Into Labour Market Programs (Commonwealth of Australia,1985a) was published up until April 1992 when the fieldwork for the project was completed. Interestingly, the period encompassed by the research in Australia was characterised by controversy over the states' dominant role in the area of vocational training, and the Commonwealth government was actively seeking to reach an agreement with State Premiers which would give a more centralised role to national government in Canberra. Co-incidentally, Prime Minister Keating brought this controversy to a head with the publication of a statement entitled One Nation (Commonwealth of Australia, 1992a) just a few weeks before I finished the fieldwork in Australia.

If the periods which were studied in the two research sites were characterised by apparently opposite trends in terms of the degree of centralisation, there were also some significant differences in relation to their respective policy stances on vocational training.

In his Foreward to Ainley and Corney's account of the rise and fall of the MSC (Ainley & Corney, 1990), Ken Roberts describes this agency as " the major attempt at large scale social engineering in Britiain since the post war wave of measures". This allusion to the role which the MSC played throughout the 1980s in managing mass unemployment belies the early origins of the quango which had its root in the belief that part of the solution to Britain's economic problems lay in constructing a

comprehensive manpower policy. The thinking behind comprehensive manpower policy was that uncoordinated labour market policies, including employment services, programmes to alleviate unemployment, labour mobility schemes, industrial training policy, vocational training systems and labour market intelligence should be integrated to improve the efficiency of the labour market.

The specific concerns which led to the establishment of the MSC can be viewed within the context of wider concerns with Britain's approach to education and training. General arguments about the need to increase investment in the skills of the workforce arose from the poor performance of the British economy in relation to its competitiors since the end of the last century and more particularly since the end of the Second World War. The widely acknowledged 'British disease' was attributed to poor investment in human capital, poor industrial relations and the absence of internal competitive pressures (Robinson, 1988, ch. 1: Ainley & Corney, 1990, ch.1). However, there were more specific concerns about the articulation of British class values into attitudes to education and training which, it was argued, were having a detrimental effect on the development of a modern training infrastructure (Trevor - Roper, 1973: Jones, 1983: Perry, 1976). Traditional British class divisions, it was claimed, had emphasised a sense of superiority about service in the church, the state and the professions rather than in industry and commerce. In turn these class divisions had reinforced the historical divide between education for the elite and training for the masses leaving Britain seriously ill prepared for rapid technological advance and the loss of its protected markets. It was these deep concerns and the more specific problem of stagflation which drove the arguments for a national agency which would co-ordinate labour market policy across employment, training and education.

Ainley and Corney (1990,pp1-7) have characterised the MSC as a quango with a mission. This mission was to 'change the British soul' (op. cit . p. 119) by creating a unified education and training system which would elevate technical skills, strengthen links between education and work and draw a disaffected working class into a more egalitarion national experience. The struggle and eventual failure to pursue this vision typified the period from even before 1981 to 1988 when the period of the study ended.

In fact it was youth unemployment which heralded the end of the 'Grand Design' (Ainley & Corney, 1990,p.43) and which ushered in the beginning of the MSC's fire fighting decade. From 1976 the MSC became increasingly concerned with the political pressure to do something about youth unemployment. This included the establishment

of a new Special Programmes Division in addition to the existing Training Services Agency and Employment Services Agency. Henceforward, the main focus of the MSC was on developing and delivering major programmes for the unemployed, leaving its early strategic objectives in manpower planning to wither on the vine. Adult training remained relatively insulated from this approach until the abolition of the Training Opportunities Programme in 1985 when the mass programme management approach began to hit adult training. Essentially then the period between 1981 and 1988 can be characterised by a tension between the remnants of a belief in the original, radical mission of the MSC which was to modernise Britain's education and training system and what proved to be an overwhelming political need for nationally organised programmes of training for the unemployed. It was this latter influence which increasingly dominated Britain's adult vocational training strategies during the 1980s, leaving the MSC wide open to the sort of criticisms which eventually were to lead to the downfall of the agency.

If the political pressure to deal with rising unemployment was central to the failure in Britiain of comprehensive manpower policy, quite the reverse was true of Australia during the period of the study. Unemployment in Australia was a relatively new phenomenon (Nevile in Hancock, 1989). Whilst concern over this issue was high, developments in education and training reflected a consistent belief in the need to prepare for the recovery rather than succumb to the effects of the recession. In practice this meant moving from measures which simply alleviated the effects of unemployment, such as wage subsidy schemes, to more strategic interventions which were designed to improve the skill level of the workforce and to ensure that education and training played a part in the process of economic adjustment and the internationalisation of the economy (Commonwealth of Australia, 1985a).

The 'clever country' theme was at the heart of the development of government policies throughout the period. Yet the adoption and development of active labour market policies was also characterised by concern for equity of opportunity within a restructuring labour market. As this study will show, this manifested itself in the involvement of a wide range of community based groups in the development of the training system.

As in Britain, traditional divisions between the education system and the vocational training system (Commonwealth of Australia, 1992a) were seen as divisive and sweeping institutional reform was undertaken to address this barrier to progression for

the individual and for the development of Australia's human capital. This process was still not complete by the end of the period of the study, but the determined and progressive development in this area reflected a belief that efficiency and equity are inexorably linked and that the burden of the unequal distribution of labour market failure aggravates labour market segmentation, inflationary pressures and social costs.

The remainder of this chapter is concerned with exploring some relevant contextual material. Section 1.2 is broadly concerned with the growing awareness in the 1970s and 1980s of adult re-training as a counter cyclical instrument and sections 1.3 and 1.4 give a broad overview of the main developments in both research sites. However, the reform of vocational training systems in both Scotland and Victoria had become associated with controversies about levels of centralisation and the roles of the respective national governments (i.e. the Australian government and the British government) in this area. Broadly speaking, the two systems appeared to be moving in different directions with Canberra seeking a more centralised role in vocational training policy and Scotland moving towards greater devolution. This issue is introduced in sections 1.5 and 1.6. However, the issue of centralisation is central to the original research questions and I return to this issue at some length in chapter 4. As I mentioned earlier, the decision to limit the study to management training initiatives was made partly for methodological reasons. However, there were also some attractions in an area of vocational training which straddles economic concerns about business development and social concerns about unemployment and enables the shifting boundaries of economic and social policy to be explored. Sections 1.7 and 1.8, therefore, give a brief account of the main issues surrounding management training in the two sites which placed this area of vocational training at the forefront of developments at least in some regards. As the study will show, management training in both sites encompasses the issue of management training for small businesses as well as management training in the more generic sense, but with varying emphases. In Scotland the focus on small business management appeared to be largely politically determined whilst the Victorian ascendancy of small business management initiatives reflected a genuine increase in awareness of the importance of the small business sector to the Victorian economy. This in itself raises interesting questions about the relationship between networks in adjoining policy areas and whether organisational forms are responses to the political, social or economic environment.

Vocational training systems are by definition inter-organisational and, as I shall discuss, both the Australian and the Scottish systems were characterised by a trend

towards greater use of contracting out arrangements.The refinement of the original research questions was, therefore, greatly assisted by the development of a focus which recognised the inter-organisational nature of the systems which were being studied.Chapter 2, therefore, draws on the existing inter-organisational theory and develops a framework for the study, suggesting a set of relationships between levels of centralisation, the structural characteristics of the policy systems and the efficiency and effectiveness of the systems in relation to their respective environments.

Chapter 3 discussess the methodological implications of this approach and some of the additional complications of comparative work, develops an argument for the use of mixed methodolgy involving document search, postal survey and more in-depth qualitative interviews and explains the practical steps involved in carrying out the research in the two sites.

Chapter 4 takes the issue of centralisation as its main theme and attempts to identify the distinguishing structural characteristics of the two systems. It concentrates particularly on tracking changing levels of centralisation and changes in programme delivery in both sites, questions whether the notion of progressive Scottish level control was rhetoric or reality and explores the political controversy in Victoria about the respective roles of the federal and state authorities in vocational training.

Clearly, one of the most important issues in the design or management of any organisational system has to be how well it does the job it is intended to do. In chapter 2, I argue that one way of exploring this is through the related concepts of efficiency and effectiveness, or at least through indicative aspects of these concepts. However, one of the central concerns of this thesis is the relationship of levels of centralisation to how well the policy system performs. Did the systems being studied become more efficient as centralisation increased? Did they become more effective as centralisation increased? These questions are explored in chapters 5 and 6.

Chapter 7 draws together the preceding analysis, compares the structural characteristics of the two policy systems with existing typologies of sub-national networks and draws some conclusions about the relationship between these structural characteristics, the respective trends in levels of geographical centralisation and in the efficiency and effectiveness of the two systems.

The remainder of this chapter provides background information against which the study was conducted. The reader will also wish to note that the Manpower Services Commision became the Training Commission in 1988 and the Training Agency later that year. These reorganisations are discussed in detail in chapter 4, but for the purpose of clarity, and unless otherwise necessary, I use the term MSC throughout this thesis to include the Manpower Services Commission and its successor organisations up to its absorption into Scottish Enterprise.

1.2 Adult training: the Cinderella service

To place this study in context it is useful to consider the significance which adult training had acquired by the 1980s within the context of economic and labour market management. Hanf et al (in Hanf & Scharpf eds, 1978), in a detailed study of adult training programmes in Sweden have identified the end of the 1960s as a turning point for many advanced democracies in relation to the vocational re-training of adults. In particular, they argue that up until then measures for controlling unemployment had relied upon fiscal and monetary policies aimed at achieving economic growth. Policies for the relief of unemployment were confined to the provision of benefits to alleviate the effects of joblessness and access to relatively passive employment exchange systems. However, by the mid 1960s it was generally recognised that there was a need for active manpower policy which would selectively assist in the adjustment process of matching the supply with the demand for labour in regions and sectors of the economy.

Michael Hill (1980, ch. 9) also notes this change of approach to labour market intervention and cites the emergence in the 1970s of revitalised public agencies committed to active manpower policy. The training and retraining of adults was central to the role of these agencies. Hanf et al (in Hanf & Scharpf eds, 1978, p.305) suggest that in broad terms they sought to fulfill several different functions i.e.

- to raise the general level of skill in the labour force:

- to use training and retraining in combination with counter cyclical economic policy to keep up employment in times of recession:

- to provide training services to help individuals enter the labour force and to re-enter it after unemployment:

- to assist individuals to keep their jobs. Structural changes in the economy and in the process of production may require individuals to improve or change their occupational skills, and access to training and educational opportunities is crucial.

Their generalisation about the role of adult training provides an international backdrop to developments in both Britain and Australia where a combination of concerns about economic performance and rising unemployment had raised the issue of adult retraining higher on the public policy agenda.

However, if there was an increased general awareness that adult retraining was an issue of both economic and social concern (Hill, 1980, ch.9), this was not always matched in resource terms. In Britain mounting concerns about youth unemployment in particular had focused resources on establishing a new system of youth training (Ainley & Corney, 1990, ch.3) earning adult training the title of "The Cinderella Service" (Robinson, 1988, p.151). In Australia too, The Report of the Committee on Inquiry Into Labour Market Programs (Commonwealth of Australia, 1985a,p.39) recognised that concerns with the modernisation of entry level training had taken precedence over the need to provide training and retraining assistance to mature aged people in order to support changes to the industrial and occupational mix in Australia.

Achieving this delicate balance between economic development and social support has been notoriously difficult in labour market management (Hill, 1980, ch. 9). As we shall see in Sections 1.5 and 1.6, the debate about this issue, at least in part, focused on how public agencies should best be structured. This thesis aims to contribute to understanding about the role of different organisational forms in labour market management. Given that the issue of whether national or sub-national agencies should take the lead role in this area was a common theme in both sites, the question of centralisation versus decentralisation is the central focus of this study and I will turn my attention to this in sections 1.5 and 1.6.

However, the following two sections provide an overview of the economic environments of both research sites in order that the reader can have an understanding of the specific context in which adult training measures were being developed during the period of the research.

1.3 Not the lucky country but the clever country

The 1950s and 60s were a period of expansion and heady prosperity for all nations who were members of the Organisation for Economic Co-operation and Development (OECD), but during that period Australia ranked as one of the wealthiest. The powerful combination of a cheap food supply, the presence of an energetic industrial base, high wage levels and low unemployment truly earned Australia the title of the 'Lucky Country'.(Castles, 1988, pp 14-21).

However, by the middle of the 1980s there was a widespread perception that the economy was performing less well than previously, that the economic institutions were outmoded, that the captains of industry were unenterprising and that the attitudes of many Australians towards work and self reliance had changed for the worse. In short, many felt that Australia was in danger of becoming the "sick man" (Hughes in Scutt ed, 1985, pp 1-6) of the Western rim of the Pacific. This perception was based on an observable deterioration in economic performance as shown by the traditional measures: growth in output, rates of inflation and levels of unemployment. In part it was based on new indicators, some factual and some less so, such as the fear that large government deficits were leading to spiralling and unmanageable public debt, and that excessive foreign borrowing showed that Australia was living beyond its means and could no longer afford the standard of living to which it had become accustomed.(Bailey in Scutt ed, 1985, ch.8)

Despite widespread belief to the contrary, Australian economists have produced evidence (Neville in Hancock ed, 1988, ch.7) that the level of public debt in Australia was not a serious problem. However, the high and worrying level of foreign debt was a major constraint on policies to reduce the level of unemployment. The prices of Australia's traditional exports have shown a downward trend relative to prices paid for imports since the Korean war. Over the last 30 years it has needed on average 2 per cent more exports each year to pay for the same volume of imports. (Neville, in Hancock ed, 1989)

This situation pointed the Commonwealth government towards policies to internationalise the economy (Department of Employment, Education and Training, 1991b, pp 9-19), to strengthen import-competing industries and to develop new

exporting industries. The manufacturing sector was of particular concern. As J.W. Neville (in Hancock ed, 1989, p.163) put it:

> " In the past too many firms looked to protection to guarantee profitability. Manufacturing industries in Australia expanded rapidly after World War II behind tariff barriers. While these barriers may have been necessary to produce the rapid expansion of the manufacturing sector, the emphasis on import replacement allowed Australian firms to restrict their horizons to the Australian market and reduced further the level of competition in a small market already enjoying significant levels of natural protection."

The interests of the state of Victoria featured large in the Commonwealth government's macro-economic reforms. Although Victoria is the smallest of the Australian states, with an area of 227,660 square kilometres, which is less than 3 per cent of the total area of Australia, it houses about 26 per cent of the Australian population and labour force. Victoria's farmers produce about one quarter of Australia's rural wealth earning it the title of the 'Garden State' (Stewart , 1985). In spite of this, manufacturing has traditionally been the most significant sector in terms of contribution to the Victorian gross domestic product and in providing employment, although more recently this has been overtaken by wholesale and retail trading. Not only was the Victorian economy of the 1980s and early 1990s heavily dependent upon manufacturing, this sector made a substantial contribution at national level. During the 1980s Victoria provided about 33 per cent of the Australian total gross domestic product which was well above the 27 per cent which its other industries contributed (Victorian Government, 1991). This left Victoria particularly vulnerable to the Commonwealth government's economic reforms. In short, when Australia sneezes, Victoria catches pneumonia. Relaxation of protective measures saw closures, particularly in the car manufacturing industry. Following an extended period during which the Victorian labour market performed consistently better than the national average, worrying trends began to emerge. By September 1991 the unemployment rate in Victoria was 10.9 per cent compared with 10.2 per cent for Australia as a whole. This unemployment rate had risen sharply from less than 5 per cent in early 1990 (Office of Labour Market Adjustment, 1992).

By the early to mid 1980s adult training had greatly increased in significance in the minds of Australian policy makers. On 20 December 1983, the Minister for Employment and Industrial Relations in the Commonwealth government announced the appointment of the Committee of Inquiry into Labour market Programmes chaired by P.E.F.Kirby. Reporting on adult training, Kirby's committee (Commonwealth of Australia, 1985a, p.139) said:

> " In many expanding sectors of the economy, public vocational education and training are unable to cope with the pace of change. The educational system is often unable to afford the technology and specialised skills required to transmit new knowledge. In other cases the speed of its response is not sufficient to meet the demands of competitive markets."

There followed a plethora of other documents including Skills for Australia (Commonwealth of Australia, 1987), Improving Australia's Training System (Commonwealth of Australia, 1989), Skills Training for the 21st Century (Commonwealth of Australia, 1991a) and Australia's Workforce in the Year 2001 (Department of Employment, Education and Training, 1991b) which pointed to the need to reform the training infrastructure and open up access so that adults were able to acquire new skills throughout their working lives so keeping pace with technological and structural change and building the highly skilled and flexible workforce required in internationally competitive industries. As one of my Australian respondents said, reflecting the key theme of the times:

> " If we are to survive we must forget past notions of being the lucky country and strive to become the clever country."
>
> (Interviewee 29V)

The clever country theme was at the heart of the reforms of the Australian education and training system which gained momentum after the publication of the Kirby report in 1985 and was still foremost in the minds of Australian policy makers when the fieldwork for this study ended in April 1992.

As far as adult training is concerned, there were four main features of the reforms which followed the Kirby Report.

Firstly, there was reform of the government agencies involved in adult training at both Australian and Victorian state level. These changes are discussed in more detail in chapter 4 but broadly speaking they involved closer alignment of education and vocational training policy areas.

Secondly, there was some re-focusing of direct training services to industry and related initiatives designed to promote more company based training.

Thirdly, programmes designed to help the adult unemployed were redesigned and there was a general move away from the almost exclusive use of wage subsidy schemes which Kirby had been critical of, to programmes which would give new skills to individuals, with particular emphasis on skills which were in demand in the labour market.

Finally, there was a move to reform the vocational training qualification structure by developing competence based qualifications across all industrial sectors although this enormous endeavour was still incomplete when the fieldwork for the study concluded.

As we shall see, both the Commonwealth government in Canberra and the Victorian state government were involved in these reforms. Given Victoria's particular vulnerability to the effects of economic re-structuring, the need for a modernised training system, particularly one which helped to 'mop-up' unemployed adults, was arguably greater than in other states. By and large this reality was recognised by Victorian government ministers and officials. However, as this study will show, the issue of a nationally co-ordinated training reform agenda did cause some problems in federal/state relationships. I shall pick up this issue in section 1.5 after a brief explanation of the broad relationship between the economic environment and developments in adult training in Great Britain and Scotland in the next section.

1.4 Competence and competition

This thesis takes 1981 as its starting point as far as adult training in Scotland is concerned. It was in that year that the MSC published the document entitled A New Training Initiative: An Agenda for Action. (Manpower Services Commission, 1981c) To those of us working in the field at the time, this document appeared to point the way forward for vocational training in general and for adult training in particular and with hindsight it did provide the cornerstone for developments which rolled out of the MSC up until the publication of Scottish Enterprise: A New Approach to Training and Enterprise Creation (HMSO, 1989) plunged the system into a new development phase.

As early as 1953, government in GB had embarked on formal enguiries into how economic performance related to skills training. As Ainley & Corney (1990, p. 15) have observed, when the Carr Committee (HMSO, 1958) finally reported in 1958, it

mainly reflected concerns about the superfluous unskilled rather than anxiety about shortages of the skilled.

The development of government thinking into a realisation that insufficient training during recession resulted in skill shortages during the following recovery is well charted by Ainley and Corney (1990) and Kenny and Reid (1985). However, in institutional terms the proactive stance of the British government in the area of manpower policy was marked by the establishment of the Manpower Services Commission in 1974 (Hill, 1980, pp 170-171). This institution has been described by Alistair Thomson and Hilary Rosenberg as " one of Britain's most influential organizations" (Thomson & Rosenberg, 1987), but more critical commentators, such as Peter Robinson (1988), have pointed to the popular and unflattering titles of "Ministry of Social Control" and "Massive Social Con" which emerged in response to the dramatic growth of this institution, which by the mid 1980s had a staff of around 25,000 making it one of the largest administrative bodies in the country.

However, writing of the early MSC, Ainley and Corney (1990, pp 22-23) note:

> "Among the small staff of the initial Training Services Agency, however, there was a more radical comprehension of the changes which the application of the latest technological advances were inflicting upon traditional divisions of labour. They appreciated the opportunities for modernizing Britain's industry and society which the need for nationally organized programmes of training and retraining offered."

The effects of the technological revolution and globalisation were also having far reaching effects on the Scottish economy, occupational structure (Kendrick in McCrone ed., 1986) and levels of unemployment (Fraser and Sinfield in McCrone ed.,1987). Alice Brown (in Brown & Fairley eds, 1989) traces the decline of the traditional industrial base of heavy industry and textiles and the subsequent diversification of the the Scottish economy. She goes on to argue that the cushioning impact of the discovery of oil and gas in the North Sea was insufficient to correct the underlying structural imbalances in the Scottish economy.

Much of the decline was concentrated in the traditional basic industries of the Scottish economy such as metal manufacturing, mechanical engineering, transport equipment and textiles (Manpower Services Commission, 1986b). Broadly speaking, policy

makers saw Scotland's salvation in terms of the increase in employment in the service sector which by mid 1982 (Manpower Services Commission,1983b) accounted for almost two thirds of employees in Scotland and in the increasing role which the electronics industry was playing in Scotland's manufacturing sector. Clearly a strategic approach to re-skilling the adult workforce was necessary if skill shortages were not to constrain industrial re-structuring. Policy thinking on the adult training priorities is evident in the MSC's Corporate Plans for Scotland throughout the 1980s (Manpower Services Commision, 1980b,1981b,1982b,1983b, 1984b, 1985b, 1986b, 1987b)

If the 'clever country' philosophy was new to Australian policy makers, there was widespread acceptance of the argument that Britain's lack of competitiveness could partially be explained by the lack of comprehensive training strategy (Brown in Brown & Fairley eds, 1989, p.30). The publication of A New Training Initiative: An Agenda for Action (Manpower Services Commission, 1981c) in many senses reflected the growing sense of the importance of training in economic regeneration. Competence and Competition (Manpower Services Commission, 1985c) followed, producing evidence from Germany, the USA and Japan to support the idea that the development of the UK's competitive future lay in the development of its human resources. A year later A Challenge to Complacency (Manpower Services Commission, 1986c, pp 6-7) set out three themes which were:

> "- to exhort and encourage companies to invest in training:
>
> - to harness the interests of individuals as a means of bringing pressure to bear on employers:
>
> - to improve the operation of the training market to make it easier for companies to define, and obtain from external providers, the training they require."

Moreover, the report (op cit p.7) notes:

> " There is one further development which would provide a thread to bind the three themes together while also being of critical importance in its own right: the development of a clear structure of qualifications based on the achievement of set standards of competence."

As in Australia, the 1980s saw developments across Britain and in Scotland in relation to direct training support to industry, reform of programmes designed to re-skill the unemployed, re-structuring of the qualification system and institutional re-organisation. However, as I shall discuss in the following two sections, there was not always general agreement about how appropriate national reforms were to Victoria or to Scotland, both in relation to the re-structuring of government agencies and to the programmes which they brought forward.

1.5 One nation?

If the Kirby Report (Commonwealth of Australia, 1985a) sparked off a rationalisation of adult training programmes, it also touched some nerves about the respective roles of the Commonwealth and state governments in relation to vocational training. At its most simplistic level, the Kirby Report was an attack on the states' constitutional powers in the area of vocational training. This can perhaps best be understood within the context of the Australian federal system about which an extensive literature exists (4).

In essence, the states are the basic elements of Australia's political and governmental process (Sharman in Galligan ed,1988, p2). The British colonisation of Australia in the nineteenth century established centres of government which each developed their own individual system. Federation in 1901 grafted on a new level of national government, but as Sharman (in Galligan ed, 1988, p.3) has said:

> " This is not to deny the existence of a genuinely felt nationalism among Australians but to stress that the states represent networks of social interaction of an extent and immediacy that makes them the prime components of the political system. This is reflected across the whole spectrum of political activity, from the design of the formal machinery of government and the delivery of government services, to the organisation of political parties, interest groups and mass politics."

The constitutional essence of Australian federalism is one of upward delegation. Speaking particularly of vocational training, Murphy (1991) puts it:

> " The Federal Government, you should note, has no power in the vocational education and training system. That is a reflection of our constitution. When the Federation of Australia came into existence, each of the Australian States and Territories ceded

> certain powers in order to establish a national government. Where our constitution is silent, the Federal Government has no powers ....."

I will return to the issue of constitutional arrangements in relation to vocational training in chapter 4. Suffice it to say at this stage that constitutional reponsibility for vocational education and training did and still does lie with the state governments. Even up until the end of the period of the study, the main provider of such training was the state owned Technical and Further Education (TAFE) system (Commonwealth of Australia, 1985a p.84) which had an especially prominent role in relation to the retraining of adults (5) and which was commonly referred to in Australia simply as TAFE.

Of course the Commonwealth government did make use of tied or specific purpose grants under section 96 of the Constitution (Galligan, 1989 p4). Commonwealth funding for TAFE came late relative to other sections of education (Marshall in Galligan eds, 1991), but did not bring it any closer to direct involvement in actually running the machinery which was necessary for developing a skilled workforce.

Perhaps more importantly, each state's TAFE system had sole accreditation rights for vocational education and training although there were complex equivalence arrangements which made inter-state recognition possible.

Although the Kirby Report did not explicitly advocate a Commonwealth takeover of TAFE, it attacked state autonomy implicitly in two important ways. Firstly, it advocated closer alignment of education and training programmes which by definition meant increasing Commonwealth intervention in vocational training to the level it had already established in other areas of post school education (Commonwealth of Australia, 1985a, p84). Secondly, it advocated the development of certification arrangements which combined work and formal education, initially for young people, and the crediting of previous competence for adults (ibid, p141). It also recommended increased use of private sector training providers and the development of national centres of excellence for skill formation. No doubt there were tactical issues for not addressing the issue head on, but in essence what Kirby was saying was:

- build a national system of VET certification to increase the geographical flexibility of the labour force:

- introduce private sector providers to challenge the monopoly of the TAFE system and force it to become more competitive; and

- entice the states to relinquish their stronghold over TAFE with the offer of increased funding from the Commonwealth.

If these issues are implicit in Kirby, there followed a series of documents which articulated the nature of the controversy between the Commonwealth and the states more explicitly. The very first sentence of Skills for Australia (Commonwealth of Australia,1987, Foreward) makes it clear that:

> " The Government is determined that our education and training system should play an active role in responding to the major economic challenges now facing Australia."

Improving Australia's Training System (Commonwealth of Australia,1989, Foreward) is perfectly explicit in its advocacy of "greater national consistency in training standards and certification arrangements".

The dual arrangements about improving the quality of Australia's skill base and removing the artificial barriers of state specific accreditation arrangements which encouraged protectionism are further developed in Australia's Workforce in the Year 2001 (Department of Employment, Education & Training,1991b) and Skills Training for the 21st Century (Commonwealth of Australia,1991a) making it clear that the key issue was about the ability of the state owned training system to support the Commonwealth governments macro-economic reforms. If the states could not succeed in modernising the TAFE system then, as this study will show, the Commonwealth government would seek to secure ownership of TAFE.

The struggle to centralise the vocational education and training system then is the backdrop to this study. The publication of One Nation (Commonwealth of Australia, 1992a) apparently resolved the controversy. In essence the Commonwealth government were to take over the funding of TAFE with the states retaining the direct management of the system. However, as this study will show, this apparent process of centralisation was not as simple as it might seem.

1.6 Towards Scottish Enterprise

During the period of the study, Scotland was apparently moving nearer to the autonomy over vocational education and training matters which Victoria already enjoyed. A major motivation for the study was, therefore, to establish what lessons Scotland might learn from Victoria in terms of setting up and managing an organisational system capable of developing a training strategy which fits the Scottish economy without damaging coherence and mobility in the British labour market.

In summary, if the debate in Victoria was about whether to sign up to the Commonwealth governments training reform agenda, an even more heated debate was going on in Scotland about the activities of the MSC.

It is fair to say that much of the criticism of the MSC related to its role throughout Britain not just in Scotland and, in particular, to the way that its role changed from being an agent of comprehensive manpower planning to an instrument of social control (Ainley and Corney,1990, Ch1). In fairness, most critics recognise that in shifting away from the early attempts to integrate employment, job creation and industrial training policy to wholesale management of unemployment, the MSC was simply acting as an instrument of government policy. As Roberts (in Ainley & Corney,1990, Foreward) has put it:

> " The story turns into a mixture of farce and tragedy when 'the mission' represented by the MSC is embraced and then overwhelmed by the wider social system and culture."

The extent to which the MSCs activities became entangled with changing political priorities is not the specific focus of the study, but it cannot entirely be separated from the more particular issues which arose in Scotland over its activities.

Perhaps the most significant aspect of this was the growing concern in Scotland that the UK was divided in terms of the economy and employment between the North and the South of Britain (Ashcroft in McCrone & Brown eds, 1988). Brown (in Brown and Fairley eds, 1989) summarises the evidence which points to the existence of such a divide as follows. Citing Kendrick (in McCrone ed, 1986) and Ashcroft (in McCrone & Brown eds,1988) respectively, she points to different changes which were taking place in the occupational structure in Scotland and adverse trends in

unemployment compared with the UK as a whole (Brown in Brown & Fairley eds, 1989, p9) and to growing fears that Scotland was becoming a branch economy (Hood and Young, 1984: Keating and Midwinter,1983). Brown herself does not pronounce on the sometimes contradictory evidence about the existence of a north-south divide and this study does not seek to further or resolve that particular debate, although I will return to the implications of the north-south divide for management training in section 1.8. What is significant is that there was a growing feeling in the 1980s that Scotland was different in economic terms and that the MSC particularly was not sufficiently responsive to its training needs.

Many critics saw the problem in terms of organisational structure. As Erskine (in Brown & Fairley eds, 1989, p.286) put it:

> " The MSC , as a body charged with a remit that covered Great Britain as a whole, and with a highly centralised policy-making structure, was by and large unable to adapt its national training programmes to the great variety of needs in different regions."

Brown (in Brown & Fairley eds, 1989, p.23), commenting on the initiative taken by Strathclyde Regional Council and the STUC in holding a Scottish Economic Summit Conference in July 1986, observes:

> " This initiative reflects widespread concern in Scotland that increasingly central government policy is insufficiently responsive to the particular needs of different regions and countries within the United Kingdom".

As we shall see, the MSC did attempt to address these criticisms in the latter part of the period of the study with a series of initiatives which were designed to respond to the needs of local labour markets (Erskine in Brown & Fairley eds,1989,p.287: Fairley, ibid, 1989, p.67). This raises two questions which are central to this study. Firstly, did developments up to the announcement of plans for what was eventually to become Scottish Enterprise represent a genuine decentralisation of power to Scotland or, as Erskine implies (ibid ,1989, p 285-289), was this yet another example of the centre imposing its will in the shape of the introduction of a market philosophy to the provision of government funded training? Secondly, what structural characteristics of the policy system enabled the transmission of Scottish interests into programme delivery, or conversely impeded this process in favour of GB policy interests?

As I shall discuss in chapter 4, the introduction of Employment Training (ET) in 1988 highlights many of the complex structural issues which typify the development of the MSC up until 1988. It certainly brought to a head the debate about the suitability of MSC programmes for the Scottish context (Ainley & Corney,1990, p.115).

The most obvious argument against the abolition of the Community Programme and the introduction of Employment Training in Scotland was that the labour market north of the border was simply not bouyant enough to support a programme which relied more on employer input than on job creation. However, there was a more subtle meshing of GB and Scottish interests which heightened the controversy north of the border.

As Ainley and Corney (1990,pp 112-113) discuss, the government was tiring of the tri-partite philosophy which had been central to the decision to establish the MSC. Apart from any qualitative arguments which the trade unions advanced about Employment Training (Speirs in Brown & Fairley,1989, p. 189 & p. 196), the Community Programme which it superceded incorporated the principle of the rate for the job and each scheme required trade union approval. Theoretically this was to ensure that the rate for the job principle was observed, but in practice it gave trade union representatives on the Area Manpower Boards (6) the opportunity to influence the shape of the programme. The single most contentious point about Employment Training was the introduction of a trainee allowance based on the appropriate rate of unemployment benefit with a training enhancement. Whatever ideological concerns the trade unions had about this, it also represented a very real loss of control.

Trade Union opposition to Employment Training was a GB wide problem, but opposition in Scotland was particularly fierce (ibid ,p.189). Quite simply, the stakes in Scotland were much higher. The proportion of Community Programme schemes run by local authorities was significantly higher in Scotland than it was in England and Wales, and most of these local authorities were Labour controlled. In practice the trade unions in Scotland had exercised greater control over the programme and were reluctant to give up their foothold. Equally officials in Scotland recognised the dangers of forcing through GB national policy. If the trade unions refused to support ET, then the local authorities would follow suit and a huge part of the provider infrastructure would crumble.

In the event, when TUC Commissioners refused to support the new programme, the Thatcher government saw this as an opportunity to take a side swipe at the tri-partite philosophy of the 1970s (Ainley and Corney, 1990 p. 115) and abolished the Commission in the summer of 1988 returning what remained of the agency to the direct control of the Department of Employment.

In Scotland the predicted collapse of the provider infrastructure did not occur and ET was established in spite of a mass exodus of local authority providers. However, the episode had done a great deal to strengthen the arguments that Scotland needed to have control over training policy and created the expectation of change which I referred to in section 1.1. The proposals to establish Scottish Enterprise were, at least in part, a response to this pressure. However, it also raised questions about the type of administrative structure which would be capable of responding to the needs of the Scottish labour market within the context of the GB economy and labour market, and this thesis is principally concerned with this question rather than with the comparative merits of any specific programmes which were introduced in either research site.

As I explained in section 1.1, the study was limited to examining the two policy systems in relation to management training provision mainly for methodological reasons. However, as the study will show, developments in this area were often at the forefront of the conflicts which I have outlined in this section and the preceding one and they provide a focus for examining the ways in which the respective policy structures changed during the period of the study. The next two sections, therefore, give brief outlines of the importance of management training in the two research sites.

1.7 Victoria: small business, big opportunity

If there has been a central irony in labour market management since the post war boom, it has been the simutaneous co-existence of high levels of unemployment with skill shortages. Given the size of Australia relative to Britain, these issues are perhaps more marked and the area of management training in particular points up this wasteful phenomenon with great clarity.

Writing in 1985, Keith Windscuttle (in Department of Employment and Training, Western Australia, 1985) describes a decline in middle management in terms of

numbers of jobs and traditional promotion routes. He notes that the period between 1971 and 1981 had seen a 5 per cent loss of management jobs across the board but concentrated in the areas where jobs had declined the most. Manufacturing came top of the list with many of the job losses in the Administration/Manager category reflecting the demise of small business. As Windscuttle (op cit, p.230) says:

> " In the decade to August 1983, employment in fabricated metals fell by 19 per cent, and in machinery and equipment it declined by 31 per cent. Many of the 6000 small businesses in these sectors went to the wall, taking their managers with them."

Windscuttle (ibid) also notes that:

> " in other industries, the demise of the middle manager is less a matter of economic slump and more one of corporate re-organisation."

The move to a more centralised corporate structure throughout the economy facilitated by the adoption of information technology, fragmented career structures from the bottom to the top of the typical larger organisation. As Windscuttle (ibid) said:

> " Results from the upper levels of management were no longer prompted from below. They were appointed from the universities and colleges and taken directly from the head office management team. The middle manager was effectively stopped in his tracks and had nowhere to go but down."
>
> (op cit p 230)

Not surprisingly this resulted in an increasing number of 'retrenched' managers registering as unemployed during the 1980s and in Victoria this was a particular concern largely as a result of the vulnerability of the manufacturing industry and the greater proportion of managers in the workforce. (7)

Yet if Australia's managers were being thrown onto the occupational scrapheap throughout the 1980s, a series of government reports was pointing to the fact that on an economic level, the issue of management training was seen by policy makers as central to Australia's economic reforms. As one government report put it:

> " The process of workplace change and micro-economic reform now underway together with the increasing necessity for more and more Australian enterprises to successfully compete in international markets also means that the skills and expertise of enterprise management will be amongst the most important determinants of Australia's economic performance ."
>
> (National Board of Employment Education and Training, 1991, p. ix)

As early as 1982, the Ralph Committee Report (Commonwealth of Australia, 1982) had voiced concerns about the the numbers of managers participating in management training, the amount of training undertaken by individual managers, the level of management qualifications achieved and the quality of training provision available.

The Ralph Report was followed by a number of assessments of the state of management expertise in Australia. The findings of the Ralph Committee were updated by the Interim Report on the Benchmark Study of Management Development in Australian Private Enterprises (National Board of Employment, Education and Training, 1990) which identified some improvements arising from increased participation rates (p23) but which re-iterated the same concerns about the amount and quality of training undertaken.

Characteristically, the Australians saw the potential of lessons from abroad and in November 1990 despatched an international mission to examine best practice in management development in Europe, North America and Japan .

The mission found that the ratio of managers and supervisors to workers in Australia at one to ten was similar to the ratio in the United Kingdom and the United States of America. However, international comparisons showed Australian managers in a poor light. Over 60 per cent had no formal qualifications beyond secondary school and about 20 per cent held a first degree compared with 24 per cent in the United Kingdom, 63 per cent in West Germany, 65 per cent in France and 85 per cent in the United States and Japan (Commonwealth of Australia, 1991b, p.1). The report concluded:

> " Australia's major challenge will be replenishing, retraining and upgrading the skills of the vast majority of its 770,000 managers and supervisors who it appears may have little or no relevant training or continuing education for management. Simply replacing Australia's stock of managers and supervisors presents a sizeable challenge. Using a formula described by Professor Charles Handy in Britain, assuming a

twenty five year average managerial career, Australia's management group will need replacing at the rate of 30,000 per year."

The report of the mission made 28 recommendations (op cit pp xi-xx) but significantly these focused on awareness raising, the development of national standards in training, modernisation of delivery mechanisms and the role of management training in small and medium sized companies. Perhaps equally significantly, the mission did not table any recommendations on the apparent mismatch between Australia's need for highly trained managers and the increasing pool of retrenched executives.

A continuing theme, though, was the role of small business in Australia's economic recovery. As early as 1971, the particular education and training needs of the small business sector were identified. The debate continued throughout the 1970s and 1980s with the publication of a number of research and government reports. The most influential of these were:

- the Williams study which published the findings of a longitudinal analysis of small business in Australia (1973-85) and demonstrated that involvement by small business owner/managers in management training was associated with significantly increased survival of the firm (Williams, 1986):

- Industry Training in Australia: the Need for Change (Department of Employment,Education & Training,1988b) in which small business was identified as a crucial component of any comprehensive training scheme: and

- the Beddall Report which presented its investigation of the problems facing small business, relevant areas of government policy and the impact of these policies on small business (Standing Committee on Industry, Science and Technology, 1990).

The importance of the small business sector in Victoria can hardly be understated (8). In the period 1983-1989, the number of small businesses in Victoria increased by 15 per cent. The growth rate in employment was 34 per cent, compared to 26 per cent for larger firms in the same period. By September 1990 there were 154,000 small firms representing 99 per cent of Victorian enterprises (State Training Board of Victoria, 1990). Institutionally the importance of the small business in Victoria was

marked by the creation, in 1976, of the Small Business Development Corporation (SBDC) which was charged with the responsibility of supporting a dynamic small business sector, although this agency had little or no involvement in training.

However, a Victorian state government review of small business in 1990 (State Training Board of Victoria, 1990) found that there was a clear correlation between small business survival and success and management training. It reported:

> " Firms whose owner/managers attend more than three courses show a success rate of over 90 per cent. Owner/managers who have undertaken training report that it has improved their subsequent business performance. It has been demonstrated that growth prospects of firms are related to education and training levels.
>
> Studies confirm that the quality of management is the most crucial element in the success or failure of a small business and that the level of training of the owner/manager is linked to the likelihood of success".
>
> (op cit, p3)

The critical link between management training and small business success was recognised in the 1987 Victorian Government policy statement Victoria: Big Opportunities for Small Business (Victorian Government, 1987)

A joint report by the Departments of Employment, Education and Training (DEET) and the Department of Industry, Trade and Commerce (DITAC) found a more far reaching link between levels of management training in small businesses and their ability to contribute to Australia's competitiveness (Department of Employment, Education &Training/Department of Industry, Trade, and Commerce, 1991). It found that low levels of management training were associated with low levels of product specific training for other employees in the company and that small firms which embarked on no management training were consistently less likely to have made large changes to the products or services which they sell, or the processes which they use to produce them.

The special problems of managers in the small business sector were not missed by the international mission which saw the problems related to management training in the small business sector as being inextricably linked to management training issues more generally. In particular, quantity and quality of management training were seen as problematic and both government and large companies were seen as having a key role

in setting standards, influencing the quality of provision and improving access to training by small companies (Commonwealth of Australia, 1991b,pxx).

Another interesting and unique dimension of Australia's concern to develop smarter managers relates to the plight of the Aboriginal population. This issue is worthy of a thesis in its own right, but I will attempt to briefly encapsulate the key issues as far as management and small business training are concerned.

It will come as no surprise to readers to learn that Aboriginal and Torres Strait Islander people are the most disadvantaged groups in Australian society in terms of health, income, employment and education .

As far as employment prospects are concerned, in 1986 33 per cent of Aboriginal people aged between 15 and 64 years were employed compared with 63 per cent for the non-Aboriginal population. Aboriginal unemployment was nearly three times higher than for non-Aboriginals (Department of Employment, Education and Training/Aboriginal and Torres Straight Islanders Commission,1991).

In 1987, the Prime Minister launched the Aboriginal Employment Development Policy (AEDP) with the target of achieving employment and income equity for Aboriginals by the year 2000. The AEDP was the result of several years consultation with the Aboriginal community, notably through the Report of the Committee of Review of Aboriginal Employment and Training Programs (Commonwealth of Australia,1985). The key theme of the Policy was the need to effect a shift away from the welfare dependency approach of previous policies towards measures which would enhance Aboriginal economic independence.

One practical manifestation of this was to encourage representation of Aboriginals at management level in public and private sector corporations and the Victorian state government made a substantial commitment in this area.

However, central to the policy was a recognition that previous measures had not respected the cultural values of Aboriginal communities and that there was a need to assist the development of economic bases appropriate to the chosen lifestyles, allowing decisions about the pace and direction of development to be contolled within the community (Department of Employment, Education and Training/Aboriginal and Torres Straight Islander Commission, 1991 p.25). The development of community

owned enterprises was central to this, with a corresponding need to develop the management capability of community representatives to minimise non-Aboriginal intervention whilst promoting commercial viability and community self-sufficiency.

The area of management training in Australia, and in particular in Victoria, encapsulates many of the supply and demand problems inherent in labour market management more generally. In theory at least adult retraining offered a means by which re-trenched managers in declining industries could transfer their expertise to expanding sectors, in particular the small business sector. As I have discussed, quite apart from any moral arguments about this kind of re-skilling, Victorian management was in need of improvement both in terms of quantity and quality for purely economic reasons.

Chapters 4, 5 and 6 will look in more detail at the responses which came from the Commonwealth and Victorian state governments. However, the main focus of the study was to examine how the structure of the vocational training policy system contributed to the management of the problem. Did the federal system allow a more responsive approach to this particular labour market problem? If so, what were the key organisational characteristics which enabled this? What was the impact of the growing influence of the Commonwealth government in this area?

Broadly speaking then, because of its particular vulnerability to the effects of economic re-structuring, Victoria's management training problems were a somewhat exagerated example of the general problems in Australia. If it was in Australia's interests to increase the pool of managers and improve their strategic capability, then this was even more true of Victoria. The issue of management training had also become important in Scotland and, as in Victoria, small business management training had developed a particular significance. However, as I shall discuss in the following section, the dimensions of the problem were somewhat different in relation to the national picture.

1.8 An enterprising culture

Senior officials who were interviewed during the course of my fieldwork (Interviewees 6S,7S,12S,16S & 24S) traced the concern over management training in Great Britain to the 1981 Labour Force Survey (Office of Population Censuses and Surveys, 1982) which showed that an alarmingly low number of managers held any

formal qualifications. A consultancy exercise which MSC officials commissioned from the University of Warwick Institute for Employment Research (Interviewee 24S) placed the figure at about three quarters of British managers who had no formal training of any sort for their management work.

The 1981 Labour Force Survey was followed by a few key reports which did much to heighten awareness of the importance of training among GB management. Although not focused on management training, Competence and Competition (Manpower Services Commission, 1985c) did much to establish a clear link between investment in education and training and competitive success. In 1987 the report of a comparative study which had been carried out on behalf of the National Economic Development Council (NEDC), the MSC and and the British Institute of Management (BIM) by a team of experts lead by Professor Charles Handy was published (Manpower Services Commission, 1987c). The report which became known simply as the Handy Report, argued that managers in other countries were more likely to have been educated to a higher level and were more likely to have benefitted from formal and systematic policies for continuing education and development than in the United Kingdom where the system was a muddle. Complementing the Handy report The Making of British Managers (Manpower Services Commission, 1987d) offered a comprehensive review of management education and training in Britain and found that the average manager received only about one days formal training per year.

None of these reports produced evidence about how the levels of expertise of managers in Scotland compared with that of managers elsewhere in the UK. However, there was a general arwareness, supported by some unpublished evidence, that Scottish business was facing particular problems in relation to recruiting managers with particular expertise and that this was contributing to expansion problems in key industries (9).

Apart from this concern about the standard of management training, as in Australia, there was a growing awareness that recession and industrial re-structuring were creating a new breed of unemployed person, namely the redundant executive (Sinfield, 1981 p18: Berthoud, 1979: Hartley,1978: Fineman in Fineman ed,1987). By 1983, there were over a quarter of a million professional and managerial people without jobs (Department of Employment, 1983). The central tragedy of this phenomena was that it co-existed with evidence that some sectors of the economy with potential for expansion were being constrained by the lack of management expertise and there were

optimistic predictions about the future growth of management opportunities (Manpower Services Commission, 1980b: Scottish Institute of Adult and Continuing Education, 1990).

In Scotland the total proportion of managers and administrators in the workforce lagged behind the proportion in the UK workforce during the 1980s (Abraham & Green, 1989, p.26) although the upward trend in the managerial occupations did follow the upward UK trend (Manpower Services Commission, 1985b). Arguably then the expansion of management careers in the UK represented a less significant source of opportunity for Scotland's unemployed managers and new entrants to the labour market.

As I discussed in section 1.7, the growing awareness of the importance of management training for small business in Victoria was simply a recognition of the significance of the small business sector in the state. However, in Scotland the focus of small business training seemed to be driven by quite different factors.

The Conservative government which came to power in 1983 did so on a wave of claims that it would create ' an enterprise culture'. Those of us working in the field of adult training at the time could perhaps be excused for interpreting this as a simple commitment to the development of the small business sector, particularly through training support and the growing Enterprise Allowance Scheme (Ainley & Corney, 1990 p71). More astute observers, however, were more alive to the essentially political thrust behind developments in training policy following 1983 (Ainley & Corney,1990, p72: Brown in Brown & Fairley eds,1989, p29-30) which as Brown has highlighted, reflected rejection of commitment to full employment and a move away from Keynsian demand management solutions to unemployment in favour of supply side reforms with the objective of creating a more efficient labour market (ibid, pp27 - 28). The link between small business and job creation was an important feature of this.

Until 1971 there had never been a comprehensive study of the small business sector in Britain. The report of the Bolton Committee of Enquiry on Small Firms published in 1971 (Bolton, 1971), concluded that up to the mid 1960s the contribution of small firms to economic activity was in long term decline. Although this had happened in other advanced countries, the process had gone further in the United Kingdom than elsewhere (Gangully&Bannock,1985) (10).

This emphasis on the link between small business and job creation is reflected in a number of studies (Bannock & Peacock, 1989: Gallagher & Thomason, 1991) and in the MSC's own Corporate Plans for Scotland (see e.g. Manpower Services Commission, 1983b and 1984b). Unlike their Victorian counterparts, Scottish policy makers did seem to be less focused on the importance of management training for the survival of individual small businesses. However, as this study will show, practitioners in the area did share a philosophy of management development as a key determinant of success.

However, small business did increase in importance throughout the 1980s, at least in a quantitative sense. Since 1979 there has been a dramatic increase in the numbers entering self-employment and small business. In the decade to the end of 1989, the number of businesses registered for VAT in the United Kingdom rose by 373,000. Over the same period, the number of self-employed people rose by over 70 per cent, from just under 2 million to around 3¼ million (Employment Department, 1991, p8)

In Scotland between 1979 and the end of 1989 the number of new businesses operating showed a net increase of 19,900. The vast majority of these would have been small businesses. In 1980, 3270 new companies were registered in Scotland. The comparable figure for 1989 was 6794, a rate of increase of 107 per cent. Self-employment in Scotland also showed a rapid growth over the 1980s. By 1991, there were 98,000 more jobs in the self employed sector than there were in June 1981. Growth was most marked amongst the smallest firms employing fewer than 20 people (Scottish Office, 1991).

It has been argued that this was a response to high levels of unemployment (Curran et al, 1986, Johnston & Darnell, 1976) which mirrored earlier similar trends. It has also been argued that this increase was at least in part due to government policy to create a growing number of small businesses operating on the margins of profit in the service sector (Erskine in Brown & Fairley eds,1989).

There was particular criticism of the MSC's role in enterprise creation in Scotland. Supporters of the north-south divide theory pointed to what Kendrick (in McCrone ed.,1986) has called a collectivist bias in the Scottish occupational structure: that is a bias away from self-employment and management in the private sector. It is argued that as Erskine (in Brown & Fairley eds, 1989, pp 295-297) says:

" By and large the commitment to developing new small businesses derived more from ideology than from any long term assessment of structural weaknesses. The modernization of industry and new investment in up-to-date plant, machinery and training needed more than an army of self-employed particularly when many of them were driven there by necessity.....The sum of the MSC's activities represented a major intervention in the labour market in Scotland. An intervention which reinforced rather than resolved weaknesses that already existed."

In conclusion then, management training including small business management training was increasing in prominence in both Great Britain and Australia during the period of the study. However, whilst there was general acceptance that Victoria's need in this area was greater than other states because of her vulnerability to macro-economic reforms, the appropriateness to Scotland of the governments "enterprise" reforms was an issue of much dispute in this country. No doubt it was the introduction of Employment Training against concerted Scottish opposition which finally put the nails in the MSC's coffin, but the enterprise debate had done much to discredit its activities in a much more qualitative sense.

The government's response to the criticisms was to establish Scottish Enterprise in April 1991. Since then this body has been the subject of much speculation and sometimes criticism. In its first few years of operation it has undergone several major re-structurings indicating a clear lack of confidence in its organisational configuration. Training has disappeared in the core body as a functional title in an effort to integrate human resource development with economic development, but the result has been a strong perception by its personnel that training is very definitely the poor relative.

This raises the central question of this thesis. If the MSC with all its enormous resources of money and expertise had failed to respond to the needs of the Scottish labour market, what kind of agency is needed to take its place? What might be the advantages of decentralisation and what kind of structure will ensure a proper integration of Scottish economic and social interests? Although Scottish Enterprise was established in 1991, it was not until 1994 that the Scottish Office was given full constitutional authority over the operation of the government's training budgets in Scotland. Arguably the answers to these questions are even more important now than they were when they were framed, as Scottish Enterprise faces the challenge of

developing more innovative and appropriate responses to Scotland's skills problems than the MSC could muster.

CHAPTER 1

NOTES

1. The Training Agency and its forerunner the Training Commission were successors of the Manpower Services Commission which was established in 1974.

2. The proposal to establish Scottish Enterprise was widely attributed to a meeting between Margaret Thatcher, the then Prime minister, and Bill Hughes, chairman of the Confederation of British Industry (CBI) in Scotland, which took place in the summer of 1988 (Brown in Brown & Fairley eds, 1989, p.31)

3. The organisational challenge posed by the establishment of Scottish Enterprise and the network of Local Enterprise Companies was sufficiently intriguing for Charles Handy to come to Scotland to address a group of senior staff from the Training Agency and the Scottish Development Agency in the summer of 1989. I was present at this presentation. Interestingly, in relation to this study, Professor Handy took federalism as one of his central themes and suggested that organisations in the future would have a great deal to learn from political federalism.

4. See for instance Galligan (1988), Galligan (ed. 1989), Birrell (ed. 1987), Brugger & Jaensch (1985), Whitlam (1977).

5. This issue is discussed further in chapter 4. However, in broad terms the TAFE system enjoyed a virtual monopoly on non-advanced further education over alternative provision e.g. private sector provision which was much less evident than in Britain. More particularly, Bailey & Royston (1980, p.72) concluded that in 1979, the majority of people receiving small business management training did so through TAFE colleges.

6. Area Manpower Boards consisted of representatives of a variety of sectors and were empowered to approve plans for training programmes and to advise on the allocation of resources to particular kinds of training (Manpower Services Commission, 1983c).

7. A report by the Office of Labour Market Adjustment (1992) provides a useful summary of the demise of managerial, administrative and para-professional employment in Victoria at the end of the 1980s and early 1990s.

8. In Australia there is no universally accepted convention of what constitutes a small business. However, the Australian Bureau of Statistics refers to any business, independently of the sector in which it operates, as a small business if it employs less than 20 people. Other conventions view businesses in the manufacturing sector as small if they have fewer than 100 employees.

9. An economic appraisal carried out by PIEDA for Lothian and Edinburgh Enterprise Ltd. pointed to general problems with the high levels of export of intellectual expertise from Scotland throughout the 1980s. A submission for funding under the Local Collaborative Projects provision reported that Scottish employers were increasingly having to recruit managers from South of the border. An Office for Scotland paper prepared as part of the annual funding process pointed to problems with the availability of management expertise in

Scotland in support of a claim for increased funding under the Managing Company Expansion (MACE) programme.

10. The definition of a small business is as problematic in Britain as it is in Australia (see note 8). The Bolton Report (1971) defined a small firm as one which is operated as an independent business managed directly by its owners and possessing a relatively small market share.

CHAPTER 2

DEVELOPING A THEORETICAL FOCUS

2.1 Introduction and overview of chapter

This study started from the basis of two very broad questions: " What are the advantages and disadvantages of devolving responsibility for vocational training from GB level to Scottish level?" and " What are the implications for structuring and managing the policy making and implementation system?". This led to the idea of a research project which would seek to compare our own system, where such initiatives were directed by a centralised British agency (see section 1.6), with Victoria, where principal responsibility lay with the state government of Victoria (see section 1.5).

It was clear from the outset that no defined body of literature existed on this particular topic and there was an absence of both empirical studies and developed theory. Any theoretical insights, therefore, had to be culled from studies in the area of vocational training with different foci reflecting different central concerns and from literature on organisational and political theory.

Apart from the apparently wide dispersal of relevant literature, there were a number of problems related to deciding upon an appropriate theoretical perspective for the study and, therefore, to focusing on potential sources of theoretical insight.

Firstly, the study is problematic in that the subject matter encompasses a combination of economic, social, political and administrative concerns.

As is often the case with studies of vocational training (Dhutto, 1988), vocational training initiatives often combined economic and social objectives. For methodological reasons which will be discussed in chapter 3 the study was restricted to management training, including small business management training, which often focuses on economic objectives in addition to social objectives unlike some other areas of training which are seen principally as social programmes. As this study will show (see chapter 5), initiatives in this area in both Scotland and Victoria sometimes had the stated objective of alleviating unemployment but at other times the policy objectives stressed

the economic benefits of improved management or enterprise skills either to individual companies or to the economy as a whole.

The political dimension was perhaps more pronounced in Scotland where the growth of management and enterprise training programmes was seen as an integral part of the Thatcher government's espousal of the free enterprise solution to Britain's economic and social problems. As Ainley and Corney (1990, p.71) say:

> " The MSC had a direct influence on the creation of an enterprise economy with its sponsorship of the growing Enterprise Allowance Scheme. But training was to have a keener refashioning effect on social attitudes as the government began linking policy areas together."

In Australia management and small business management training initiatives were less ideologically charged but, as I discussed in chapter 1, the whole issue of the sovereignty of the state governments over vocational training was at the centre of an escalating confrontation between the state Premiers and Keating's government in Canberra (Commonwealth of Australia, 1992a), and the issue was associated strongly with the debate over the extension of the activities of the Commonwealth government into the constitutional domains of the state governments (Galligan et al eds,1991, p.3).

As far as the administration of the two systems was concerned, it was clear that it was the issue of centralisation which lay at the heart of most criticisms of the MSC in Scotland (Brown & Fairley eds, 1989). In Victoria a major feature of arguments against handing responsibility for vocational training to the Commonwealth Government was the spectre of an overwhelmingly large and unmanageable Canberra based bureaucracy, and there were specific concerns about overlap and duplication of small business training provision between the Commonwealth government and the state government of Victoria (Standing Committee on Industry, Science & Technology, 1990).

In addition to the potentially inter-disciplinary nature of the topic, there is a second problem related to the nature of the policy area itself which creates problems in terms of developing an appropriate focus.

Vocational training as a policy area is particularly complex by comparison with other policy areas. This complexity arises from the lack of boundaries around it and the internal complexity of linkages (see Dhutto, 1988, ch.2).

Dhutto (ibid) actually goes as far as to question whether it is legitimate to define vocational training as a policy area for the purpose of analysis. He concludes that it is both legitimate and feasible to conduct a full study of policy formation and implementation if the country concerned has:

- a legal basis for action in the sector i.e. there are specific legislative measures in the field and it tends to be regarded as different from education or employment:

- political institutions dealing with training e.g. parliamentary committees, government departments:

- executive agencies that carry out the decided policies:

- lobby organisations.

The institutional arrangements and policy initiatives in the two research sites will be discussed in chapter 4 and this will show that vocational training as a whole, and management and enterprise training in particular, meets these criteria. However, as Dhutto (op cit. 2.2.2) concludes:

> " Vocational training is an area of policy interest, but an atypical one. There are some difficulties in bringing it into focus. It is not a clear-cut area; its borders are rather loose, flexible and floating and conceptually and institutionally different in different countries".

This brings me to the final theoretical problem which is that the study involved cross-national comparison. This is discussed in more detail in section 2.2 which argues that, broadly speaking, the problems of cross-national research are concerned with the level of analysis, conceptualisation of data and the role of theory. It concludes that comparative analysis can proceed in the absence of developed theory but recognises the importance of grounding the empirical work in a theoretical framework which stops short of testable propositions. This approach implies what Teune (in Ashford,

1978, p. 43) calls " a most similar system design" and the identification of comparative and relatively stable units of analysis for analytic purposes.

The issue of similar system design is dealt with in chapter 3 , but the above begs the question "What comparative and relatively stable units of analysis can be identified?" and " Along which dimensions should analysis proceed?". This brings me back to the problem of the absence of literature which relates specifically to this topic and the wide range of literature which touches on the area. This raised the spectre of a literature revue encompassing several major disciplines in the social sciences.

One way of arriving at manageable theoretical parameters was to re-visit the original research questions and to tease out a number of themes for the purposes of analytical clarity. Section 2.3 does this and concludes that the focus is essentially on the relationship between degrees of geographical centralisation, the structural characteristics of the policy system, the behavioural processes of the policy systems and the efficiency and effectiveness of those systems.

This shifts the focus of the research to the organisational dimensions. However, as has already been discussed, vocational training systems are, by definition, inter-organisational. As Dhutto (op cit., 2.4.2) says:

> "More than other adjacent fields such as education, vocational training is either a multi-organizational sector or is based on a complex network of organizations."

I argue in section 2.4 that this is particularly true of management and enterprise training initiatives and conclude that the focus of the analysis should be the inter-organisational network or implementation structure.

Given that the key debates in both research site were concerned with the impact which centralisation or decentralisation would have on the efficiency and effectiveness of those networks, section 2.5 explores these concepts in more detail.

Section 2.6 concludes the chapter by exploring the literature on inter-organisational networks which sheds some light on questions about the relationships between levels of centralisation, the structure and behaviour of the policy system and the efficiency and effectiveness of those systems.

2.2 Comparing across two cultures

One immediate problem posed by the study was that it involved cross-national comparison. A substantial number of textbooks have addressed themselves to this issue (Dierkes et al eds, 1978: Etzioni & Dubow eds, 1970: Ashford ed, 1978). Many more general works on the role of theory in policy analysis recognise the problematic nature of comparative work and devote at least one chapter to the issue (Gregg, 1976).

Much of controversy centres around a few key themes.

Firstly, there is the tension between empirically based case studies of policy making and implementation and studies of entire, and often dissimilar, nations. The former offers applicability to policy makers (Deutsch in Dierkes et al eds, 1978) but runs the risk of drowning the analyst "in a sea of relatively specific comparisons" (Etzioni & Dubow eds, 1970, ch.1). The latter has greater normative potential but is less likely to predict the outcome of specific policy decisions in specific contexts (Teune in Ashford ed, 1978, p.44) and, at any rate, is outside the scope of any sole researcher.

Secondly, there is the problem of conceptualising data cross-nationally. As Antal et al (in Dierkes et al, 1978) say:

> " concepts and analytical constructs may be culturally bound and often implicit assumptions may affect the cross-nationality of approaches as well as findings"

Thirdly, there are arguments about the role which theory plays in cross-national analysis (Etzioni & Dubow, 1970), particularly the view that developed theory is a prerequisite for comparative research.

Finally, there are implicit problems in comparing causal relationships across complex systems i.e. the difficulties associated with holding all other variables constant.

It is not my intention to review all the literature in this field. Many of the concerns are methodological and are dealt with in chapter 3.

However, it is worth bearing in mind that the principal purpose of this research was to improve predictive ability about the effects of decentralisation on adult training in Scotland and to identify any mechanisms which had been developed in Victoria to alleviate the disadvantages of devolved arrangements. As Teune (cited by Antal et al in Dierkes et al eds, 1978) says:

> " the primary purpose of comparative research is not to establish the universality of relationships but to enhance the credibility of specific predictions about specific cases"

and thus:

> " to get useful rather than general knowledge in the short run".

Consideration of the comparative dimension suggested that, in order to balance any theoretical deficiencies which might arise as a result of emphasising practicability rather than generalisability, the study should adopt an approach which:

- acknowledges the role of theory by constructing a middle range conceptual framework (Deutsch in Dierkes et al eds) in which the empirical data could be located:

- stops short of developing testable propositions but focuses on stating analytic differences and similarities without attempting to relate these to an overall theory (Etzioni & Dubow, 1970):

- adopts a " most similar system design" (Teune in Ashford, 1978, p.43) to maximise predictive ability whilst minimising " glib use of ethnocentric assumptions" (Etzioni & Dubow in Etzioni & Dubow, 1970):

- seeks to identify relatively stable and comparative units of analysis (Sjoberg in Etzioni & Dubow, 1970).

This, of course, raises the questions " What units of analysis should be selected?", "Along which dimensions should analysis proceed?" and "What, if any,theory already exists which might help develop analytical clarity?".At first sight , this seemed a fairly daunting task because of the combination of social, economic, organisational and

political issues involved. Potentially this involved assimilation of literature across a wide range of disciplines and there were implications for the choice of units of analysis.

However, as Robert Bish (in M.Gregg ed, 1976, p.41) says:

> "In any analysis, the use of theory facilitates a focus on a limited number of elements, and thus policy is routinely formulated and analysed without the analyst knowing everything about its every facet."

Bish goes on to argue that problems related to analytical clarity increase with the complexity and diversity of the human environment which is being studied, and this forces the analyst to become increasingly selective in terms of the level of analysis and the choice of variables.

The following section, therefore, re-visits the original research questions and the concerns which prompted them in order to tease out the critical dimensions. This proved helpful in developing manageable theoretical parameters and in arriving at a set of concepts which reflected the central research concerns.

2.3 The central research questions

In chapter 1 I discussed some of the contradictions and complexities which surrounded the decision in this country to devolve responsibility for vocational training from British level to Scottish level and the proposals in Australia to move in the opposite direction by transferring ownership of parts of the vocational training system from the state governments to the Commonwealth government.

Although the arguments were different and clearly resulted in quite different conclusions, there were common themes which are worth teasing out for the purposes of analytical clarity.

Firstly, there were concerns in both sites about the efficiency of the existing systems, and proposals to rationalise were prompted to some extent by the desire to improve the ratio of inputs to outputs. In both cases the main source of wastage was seen as being the proportion of the total programme cost which was spent on the administrative infrastructure. In Scotland the MSC was seen as monolithic (Benn and Fairley eds,

1986). Management and small business training were seen as expensive commodities and there was a strong focus on cutting the core costs of the delivery systems (see section 6.10). In Victoria there were also concerns about the cost of management and small business training, but this was coupled with concerns that the availabilty fell far short of demand, and crticisms about wastage focused on overlap between the various tiers of government (Standing Committee on Industry, Science & Technology, 1990: Bailey & Royston, 1980).

Secondly, there were concerns about the effectiveness of the respective systems perceived mainly in terms of the ability or inability of the system to make any meaningful impact on economic and/or social problems. In Scotland these arguments focused on the inability of the MSC to respond to the Scottish context (Erskine in Brown and Fairley eds, 1989), and in Victoria critics argued that the devolved arrangements inhibited the ability of the system to play an effective role in the modernisation of the Australian labour market. This included failure to support the evolving small business sector and the absence of concerted policies to develop strategic management skills (Commonwealth of Australia, 1991b).

Thirdly, the processes, particularly the decision making processes, involved in making and implementing policy in both systems were sharply criticised. In Scotland the behaviour of the MSC was seen by some as undemocratic and directive (Benn and Fairley eds, 1986 p.6); and in Victoria the consensual nature of the decision making processes gave rise to criticisms of indecision and lack of leadership (Commonwealth of Australia, 1990).

Finally, in both cases, the structures of the respective systems were seen as underlying causes of the behaviour, efficiency and effectiveness of those systems (Erskine in Brown and Fairley, 1989, eds): Commonwealth of Australia, 1985a). These concerns were in some ways focused on the structures of the main implementing agencies, particularly their ability to co-ordinate different strands of their activities. However, the debate went wider than this into issues related to co-ordination with adjacent policy areas, notably the education sector and industry, with representatives of social and community groups and with the political and administrative apparatus of Scottish and Victorian government. In particular, there were concerns about the location of constitutional responsibility for making policy and managing the policy initiatives, and about the implications of shifting this responsibility partly or totally - in Scotland's case from Sheffield to Edinburgh, and in the case of Victoria from Melbourne to

Canberra.The controversies were, therefore, about the structures and behaviour of the policy sytems as co-ordinating mechanisms within the overall political, economic, social and administrative context and the relationship between those structures and their efficiency and effectiveness.

The central research questions can, therefore, be articulated in the following way:

> What patterns of relationship exist between the level of political and administrative decentralisation of responsibility for adult vocational training and:
>
> - the structural characteristics of the policy making and implementation system, particularly the location of key functions within those systems?
>
> - the behavioural i.e. decision making and communication processes within the policy making and implementation systems?
>
> - the efficiency of the policy systems?
>
> - the effectiveness of the policy systems?

Chapter 3 discusses the methodological problems involved in this type of multi-level research. However, one of the most obvious characteristics of the policy systems in both research sites is their inter-organisational nature. This issue is explored in the following section.

2.4 The inter-organisational perspective

Adult retraining policy systems are by definition inter-organisational. In this country the principal responsibility in the policy area lay with the Manpower Services Commission, and in Victoria there was a shared responsibility between the Commonwealth Department of Employment, Education and Training and the Office of the State Training Board in Victoria. As I shall discuss in chapter 4, in both sites a variety of other government departments, advisory bodies and private sector organisations were influential. Indeed other questions about the ability of the vocational training agencies to co-ordinate their policies with adjacent agencies was a major feature of arguments about re-structuring in both research sites (Kaufman in Benn & Fairley, 1986: Commonwealth of Australia, 1985a). Management and small

business training was seen as particularly problematic in this regard because of the involvement of an additional layer of agencies concerned with business development in a wider sense.

Both systems also used external consultants and advisors to design and sometimes to evaluate initiatives. Delivery of programmes was also characterised by inter-organisational arrangements largely because of the extensive contracting out of service delivery to training providers in the public, private and voluntary sectors.

The policy system itself then consisted of a variety of individual actors drawn from organisations with different and potentially conflicting objectives. This system itself was required to address a wide range of economic, social and sometimes political issues, implying complex interaction with the environment. Thus as Dhutto (1988) has pointed out, the area is characterised by vague boundaries and internal complexity of linkages.

One way of bringing the nature of the policy system into focus is to characterise it as a "network" (Hanf et al, Hjern & Porter in Hanf and Scharpf eds, 1978) in which policy objectives are secured through a network of separate but interdependent organisations. The success of policies, therefore, depends upon a network of relationships between levels and across boundaries.

Generally speaking the case for network analysis derives from the controversy surrounding 'top-down' and 'bottom-up' approaches to policy analysis.

Sabatier (1986) has produced a useful resume of the strengths and weaknesses of 'top-down' or rational approaches and 'bottom-up' or incrementalist models. He criticises the former, rather prescriptive stance, because it does not reflect the empirical evidence of the complexity of the interactions between individuals and groups within the policy process. If 'top-down' studies fail to explore the micro-structure, at the other end of the spectrum, he argues, ' bottom-up' studies have focused on individual actors within the system to the exclusion of the organisational factors which influence behaviour.

Sabatier (1986) concludes that there is a need to produce a common research paradigm in which the complexity of interactions is seen within the context of socio-economic conditions and legal instruments which constrain behaviour. This concern is echoed by

Barrett & Fudge (1981) who argue that the study of policy " needs to consider a linking of levels of analysis, a synthesis of different theoretical positions and viewpoints and yet to be grounded in practice".

The relevance of this approach to the study of manpower policies in general, and adult training in particular, is stressed by Hanf et al (in Hanf and Scharpf eds, 1978). Based on a comparative study of the implementation of manpower policies in Sweden, Germany and the UK, they conclude that the organisational reality to which actors carrying out a particular programme refer is not the formal individual organisations or groups of organisations, but the network of activities and actors that interact to carry out a programme. They call this network the "implementation structure" and see this concept as a way to avoid a "one motive rationalisation of purposive collective action" and as an alternative way of addressing the complexity of linkages without assuming hierarchy.

The idea of 'network' or 'implementation structure' is attractive from a practical perspective too. I have already discussed the range of government, quasi-government, private and voluntary sector organisations and the many levels of those organisations involved in management and enterprise training programmes. Hanf, Hjern and Porter (in Hanf & Scharpf eds, 1978) go somewhat beyond the assertion that implementation structures are an accurate model for real life implementation of manpower policies and suggest that their existence and appropriate mode of operation are necessary for effective labour market intervention. They argue that unlike macro-economic measures, active manpower policies require selective instruments. Each locality will have unique needs which will require a substantial local presence to plan, mobilise resources, effect action and monitor progress. Thus local, regional and national administrative networks are essential elements for the implementation of adult training programmes and a key element of the success of these co-ordinating mechanisms is their responsiveness to the particular environment in which they operate.

The concept of 'network' then offers an appropriate practical and theoretical basis for analysing management and small business training. However, as I have already mentioned, the study attempted to explore the efficiency and effectiveness of the respective policy networks as well as to analyse the similarities and differences in terms of their structure and behaviour. The following section explores the concepts of efficiency and effectiveness in more detail.

2.5 The concepts of efficiency and effectiveness

Much of the debate in both research sites concerned the relationship between the structure and processes of the policy or co-ordinating systems and the efficiency and effectiveness of those systems. Indeed, it is possible to generalise the arguments by saying that in both Scotland and Victoria the existing structural arrangements were being questioned in terms of their ability to deliver the desired levels of efficiency and effectiveness, and attempts were being made to design systems which would improve one or other or both of these areas. It is, therefore, necessary to discuss what is meant by the terms 'efficiency' and 'effectiveness' and to identify what the structural dimensions of these concepts might be.

The Oxford Concise Dictionary (1976) defines efficiency as:

> " the ratio of useful work done to total energy expended".

Traditional administrative approaches to the management of public services tend to emphasise money as the key input. As Flynn (pp 99-100) says:

> " Public sector organisations can be seen as machines spending money voted by Parliament or by a local authority. The information systems are traditionally directed towards seeing how much money is spent in each period, and the main target is to spend very close to the budgeted amount: spend too little and there is a danger of next year's budget being cut."

The annual outbreak of end year spend hysteria was certainly very characteristic of the management environment in which I was schooled. However, in recent years there has been increased attention to what is being achieved through expenditure and on the concept of value for money. As Flynn (op. cit, p. 100) points out:

> " The public sector expenditure planning process now incorporates 2,500 performance and output ratios in addition to the traditional approach of deciding how much money should be allocated to each function."

Flynn goes on to define efficiency in 2 ways: the ratio of inputs to capacity; and the ratio of inputs to outputs. John Alford (1990), discussing the Finanacial Management Improvement Program which has been developed in Australian government departments and agencies since 1984, defines efficiency as:

" the (minimisation of the) cost (input) per unit of output".

(op. cit.p.7)

This approach to efficiency scrutiny certainly featured in both research sites in relation to management and small business training initiatives. During the periods under study a variety of performance indicators were used which related cost to e.g. training days delivered, training courses delivered, number of people undergoing training and unit costs rather than total expenditure were often key factors in decisions about resources.

The concept of 'effectiveness' is generally regarded as slipperier than that of efficiency but more meaningful in the context of public policy (see Flynn, 1990, p. 101) in that it attempts to measure not just the outputs from a particular service, but the outcomes. As Flynn (op. cit. p.102) says:

> "In education a common outcome measure is passes in public examinations, in prisons it is the recidivism rate. But which outcomes are achieved is as important as their quantity. If the education service concentrates on producing a high number of examination passes but thereby creates an inappropriately educated workforce, it may be efficient but not effective."

Similarly, John Alford (1990, p.7) defines effectiveness in the context of the Australian public sector's approach to performance control as:

> " the extent to which the impacts of a program's outputs meet the objectives of the program"

This creates ambiguity in two ways. Firstly, it poses the question of what the objectives of the programme are and who sets them. The study will show that these are often difficult questions to answer in relation to adult retraining in general and particularly in relation to management and small business training. Secondly, it poses questions about how impact is measured. John Alford (1990 p.1) introduces the concept of "desirability" and this raises further questions about who is judging and on what standards. For instance, Mrs. Thatcher may well have argued that it was desirable to increase the proportion of small businesses in this country. A trainee on a business start-up programme may consider it more desirable to provide training which

will enable her or him to earn a living through self-employment. The concept of effectiveness, therefore, implies a degree of subjectivity about what is regarded as valuable in terms of outcome.

These questions are important in that issues relating to how and where objectives are set and how outcomes are evaluated are dimensions of structure and structural behaviour. The purpose of the study was not to make crisp comparisons between the efficiency and the effectiveness of the two systems. Such an approach would not be particularly meaningful in terms of guiding decisions on the design of those systems. As Bryman (1989, p.5) says:

> " Organizational effectiveness is perceived as an entity that is dependent upon other things. In other words, it is seen as an entity whose variation is caused by other entities."

Bryman (ibid) calls these entities "independent variables", Mohr (1982, cited in Bryman,1989) labels them "precursors" and Beetham (in Thomson et al eds, 1991p.133) uses the term "dimensions". Whatever we call them, it is these aspects of efficiency and effectiveness which are the focus of the study and it is to these that I will now turn my attention.

As is the case with the literal definitions of efficiency and effectiveness, there is clearer agreement about the precursors of the former than the latter concept.

Weber's classic bureaucratic model (1947) is still the central reference point for any discussion of dimensions of organisational efficiency. However, later sociologists have modified his concepts in the light of the emergence of new forms of organisation and the influence of the human relations school. Beetham (in Thomson et al eds, 1991) summarises the characteristics as:

> - the presence of communication systems which allow the efficient transfer of information upwards, downwards and laterally through an appropriate balance of formal and informal relationships although the balance will tend to be with formal links. In such systems not too much information will be generated, simply sufficient for a given task to be executed:

- the presence of methods for sub-dividing tasks which minimise duplication, overlap and overload, and lead to clarity of role for individuals in the organisation:

- the ability to harness the expertise and power of the individual to the organisation's goals so that objectives are clear throughout the organisation and the emphasis is on collective rather than individual expertise:

- the existence of standard procedures for making decisions implying rules and regulations which are clearly understood by everyone.

Interest in organisational effectiveness has developed recently in response to globalisation of markets and the attendant organisational re-structuring. Much of the literature is associated with change management and inevitably the links between particular characteristics and organisational re-structuring are more tenuous than the well worked concept of efficiency. However, common dimensions which emerge in discussion of organisational effectiveness are:

- responsiveness to the environment, particularly a changing environment. Thus effective organisations are able to identify problems and to mobilise resources to deal with them (Baker in Nohria & Eccles eds., 1992: Pearson, Clipson, Berger et al, Pilditch in Henry & Walker eds, 1991). This implies that decision making and resource gate-keeping are located as close as possible to the points of the organisation which interface with the environment:

- autonomy, both for individuals and for the organisation as a whole (Moss Kanter, 1993, p. 276). This implies an emphasis on individual judgement rather than standardised procedures for decision making and high levels of individual empowerment:

- an emphasis on individual rather than collective expertise (Moss Kanter, 1993, pp 289 - 328):

- innovation and the ability to manage innovation requiring high levels of tolerance for ambiguity and areas of uncertainty (Henry & Walker eds, 1991).

These organisational dimensions of efficiency and effectiveness are by no means indisputable in terms of their causal links. One can for instance conceive of an organisation which is highly innovative but which achieves very little in terms of its impact on its environment. Nor are the precursors of the two concepts necessarily mutually exclusive. For instance, it can be argued that communication is highly important in effective organisations. Indeed high levels of individual empowerment and autonomy imply a requirement to possess information to support decision making. However, Beetham (in Thomson et al. eds, p.134) stresses the systematic, selective and economical approach to information which characterises efficient systems. The elimination of unnecessary communication and duplication are less characteristic of concepts of effectiveness (Kaneko & Imai, 1987) - it is a question of emphasis.

In spite of these deficiencies the dimensions of efficiency and effectiveness provided a useful analytical tool simply because they reflect so many of the original strands of the debate in both research sites and because they are capable of being related to structural dimensions associated with centralisation or decentralisation.

2.6 Interorganisational networks and decentralisation

The apparently simple term 'network' occurs frequently in the literature on anthropology (Werbner in Thompson et al eds, 1991: Barnes in Mitchell, 1969), organisational sociology (Nohria & Eccles, 1992) and political economy (Jordan & Richardson, 1983). Although there are differences of usage, the concept often arises in the context of the argument for shifting the focus from the single organisation or actor to the set of inter-relationships that constitute the whole system (Knoke & Kuklinski, 1982). This work is helpful in that it provides us with a focus on the concept and with a set of dimensions which are appropriate to this particular study.

One major use of network analysis in sociology and anthropology has been to uncover the social structue of a total system (Knoke and Kuklinski in Thomson et al. eds,1991). This is distinct from alternative approaches to network analysis which focus on a specific type of relation linking a defined set of persons, objects or events

(Mitchell, 1969). The former approach stresses the identification of positions composed of concrete actors in the system as a prelude to the subsequent appraisal of the relations connecting positions one to another. In other words, this approach provides a model for relating formal structures to social or relational structures. This study, therefore, focused on first identifying the position of actors within the system before going on to examine the relational content of linkages.

The relational linkages, or the network's structure, have important implications for the behaviour of those systems as a whole. As Mitchell (1969) says:

> " The patterning of linkages can be used to account for some aspects of behavior of those involved."
>
> (cited in Thompson et al eds, p.176)

In particular Knoke and Kuklinski (in Thomson et al. eds, p. 176) claim that uncovering the underlying pattern of relationships can often help us to understand phenomena such as organisational effectiveness and innovation. This raises the question of how we uncover these underlying structures. Network analysts suggest a variety of dimensions along which these linkages can be analysed. It is not my intention to discuss the numerous options here but to focus on a number which, at least at the outset, appeared to offer to shed some light on the issues of efficiency and effectiveness which were central to the research.

J.K. Benson (1975) argues that interorganisational networks are political economies in which the two key factors are authority and resources. Individuals and organisations must compete to obtain these two commodities. Benson's key factors roughly equate with the concept of instrumental relations (Granovetter, 1974; Boissevain, 1974) in which channels are established through which actors obtain goods or services and authority/ power relations (Cook and Emerson, 1978; Williamson, 1970; Lincoln and Miller, 1979) which usually occur in complex organisations and which indicate the rights and obligations of actors to issue and obey commands.

As I discussed in section 2.3 the controversies in both research sites were about the location of power and access to resources in the network. The study, therefore, focused on analysing the channels through which these two key commodities were negotiated.

These factors are helpful in terms of analysing the dimensions of efficiency and effectiveness. Mordaunt (1992) identifies that the organisational structure most likely to lead to the conception and proposal of innovatory ideas is the least conducive to their implementation. In other words there is a trade off between efficiency and effectiveness. Moreover, she hypothesises a relationship between the degree of dispersal of authority within the organisation and the likelihood of innovation. Organisations with clearly defined command structures are most likely to implement change, but this kind of organisation does not give employees space to formulate new ideas.

This kind of theme is echoed in the management literature on organisational structures and their response to the environment.

Broadly speaking the arguments associate strong centralisation and hierarchical integration with high levels of efficiency over pre-determined tasks and unresponsiveness to new problems in the environment (Handy,1991). Access to authority and resources in such systems are determined by established rules and through vertical communication within the system. The failure of these systems to innovate is seen partly as a result of what Handy calls the Apollonian Impasse (1991 pp 129 - 157) i.e. the need to refer up when new problems are identified in the environment, and partly because of the development of sectional interests which result in conflict with other groups over new functions and resources.

Organisational decentralisation, on the other hand, is associated with dispersal of authority, interaction and communication across and between all levels and high levels of responsiveness to the environment. Informality of communication systems is characteristic of these "organismic" structures (Burns, 1963: Burns in Lawrence ed, 1966) leading to high levels of interpersonal co-operation or high levels of interpersonal conflict as opposed to the rather formal arrangements for co-operation and conflict resolution which exist in what Burns calls 'mechanistic' systems.

These arguments are somewhat limited in that they focus on organisational systems rather than inter-organisational systems and on organisational decentralisation rather than political or geographic decentralisation. However, they do explore the possible relationships between the authority and resourcing structures of systems, the behaviour of those systems in terms of communication transfer and conflict resolution and their efficiency and effectiveness in relation to the environment.

The political economics tradition tends to view networks as alternative models of co-ordinating mechanisms as against hierarchies and markets (Powell in Thomson et al eds, 1991) Generally speaking networks are distinguished in the literature by the importance of interpersonal relationships (Knoke & Kuklinski p.175 in Thomson et al eds, 1991) as opposed to the impersonality of markets and by the diffusion of power and egalitarian nature of exchange transactions as opposed to the centralisation of power and strict stratification of levels of authority which characterise hierarchy.

However, Powell (in Thomson et al eds, 1991) questions the concept that these three models of co-ordination are necessarily distinct. Rather, he suggests that it is more accurate to think of a continuum with discrete market transactions at one end and highly centralised organisational forms at the other end with various hybrid forms in between. He says:

> "Moving from the market place, where prices capture all the relevant information necessary for exchange, we find putting-out systems, various kinds of repeated trading, quasi-firms and sub-contracting arrangements; towards the hierarchy pole,franchising, joint ventures, de-centralized profit centers and matrix management are located."
>
> (op. cit. p266)

Other writers also point to the intermingling of various forms of exchange (Bradach & Eccles,1989; Stinchcombe in Stinchcomb & Heimer eds, 1985; Goldberg, 1980). However, this is helpful as far as this study is concerned in that the concept of a continuum provides a useful reference point for comparing the two policy networks. In particular, the extent to which these networks share the characteristics of market and hierarchical forms of exchange and the relationship between the organisational forms and the degree of sub-national authority will be explored in chapter 4.

The continuum model suggests that the various forms of networks could be almost endless. However, some attempts have been made to characterise different types of networks and to relate this to the issue of sub-central government. Rhodes (in Thompson et al eds, 1991), for instance, suggests:

> " Although the available research on British policy networks is limited, none the less it is possible to identify some of the main varieties in sub-central government (SCG). Thus it is possible to distinguish, at a minimum, between policy and territorial communities on the one hand

and issue, professionalized, intergovernmental and producer networks on the other."

(p 204)

He goes on to relate these forms of network to the degree of vertical integration and the extent to which the boundaries of these networks are penetrated by others. He argues that one of the major problems of British government has been the domination of policy networks (Richardson & Jordan, 1979; Rhodes, 1986) and territorial communities (Keating & Midwinter, 1983; Rhodes, 1986), and the failure to manage the integration of these networks. He says:

" Policy networks have become as central a feature of the national government environment as some of the hoary old chestnuts of constitution, less prominent and debated but a more determinant influence. They lie at the heart of one of the major problems of British government: policy messes, or the non-correspondence of policy systems and policy problems. The failure to appreciate that service delivery systems are complex, disaggregated and indeterminate has led to the failure of policies. The process of differentiation in government requires not only policies on substantive problems but also policies on the procedures for managing differentiation (or institutionalizing indeterminacy)."

(Rhodes in Thompson et al, 1991, p212)

If the absence of inter-governmental relations is typical of Scotland's relationship to G.B. government, then exactly the reverse is true of Victoria's relationship to the Commonwealth government in Canberra. As Sharman (in Galligan et al eds, 1991,p.23) says:

" The growth of intergovernmental relations - as the interaction between the component governments of a federation are frequently called - is commonly observed to be one of the most significant changes to have affected federal government since the war. There is similar widespread agreement that this growth has occurred because of the expansion of government involvement with the social and economic life of citizens. The number of agencies designed to exchange information and establish channels of communication between the state and national spheres of government has consequently grown. In addition, the process of increasing government regulation in federations has meant greater jurisdictional overlap. This in turn requires bodies to provide a framework for consultation and the harmonisation of policies."

The rapid formalisation of this consultative process has largely occurred since the 1970s (Chapman in Galligan ed, 1988). The Register of Commonwealth-State Co-operative Arrangements contains reference to around 250 bodies in Australia involved

across all substantive functional areas. These institutions are forums for the resolution of the tensions which Riker (1964) identified as a constant in all federal systems. They assist in containing the consequential conflicts in ways which cannot be accommodated through the party political system. Chapman (in Galligan ed, 1988) argues that these processes are very similar to "issue communities" (Richardson and Jordan, 1979: Jordan, 1981:Sharpe, 1985).

Some writers have been critical of the develoment of these relations. Chapman and Wood (1984) describe the process as an entanglement of the Australian policy process. The notions of "maze" (Simmons and Dvorin, 1977) and "labyrinthine" (Eulau and Pressler, 1973) have also been used. Wanna (in Galligan et al. eds, 1991, p.330) suggests that inter-governmental forums to support business are especially suspect. He says:

> " One criticism made by business of the nature of intergovernmental machinery is that it tends to work towards alleviating administrative issues between different governments rather than the problems of business."

In some senses the lack of agreement about the value of the inter-governmental arrangements in Australia makes the issue all the more interesting from our perspective. As we have seen, some of the criticism of the system in this country has focused on the absence of adequate harmonisation mechanisms between GB policy and Scottish policy interests. This was particularly true of criticisms of the MSC's role in promoting small business training in furtherance of GB policy objectives and disregarding the nature of the Scottish economy (Erskine in Brown and Fairley eds, 1989). A major focus of the study, therefore, will be to establish how the policy networks in the two research sites measure up against the typologies outlined in this chapter and, in particular, to establish the similarities and differences in terms of the existence of formal inter-agency co-ordinating mechanisms.

2.7 Conclusion

The foregoing discussion has identified that the inter-organisational network or implementation structure is an appropriate unit of analysis for examining the effects of decentralisation on the efficiency and effectiveness of the management and small business training systems in the two research sites. This focus accommodates the

inter-organisational nature of policy making and implementation in this area and provides a relatively stable and comparable unit of analysis across two nations.

Existing theory stops short of providing models about the likely impact of decentralisation and efficiency and effectiveness. However, it does suggest a set of relationships between levels of centralisation, the structural characteristics of the network articulated in terms of the formal and informal channels used to negotiate authority and resources within and across agencies, the behaviour of the systems in terms of patterns of communication and information transfer and conflict resolution and the efficiency and effectiveness of those systems in relation to their respective environments.

This implies a multi-level analysis encompassing:

- an exploration of the environmental issues i.e the policy problems facing the respective policy systems:

- an analysis of the constitutional and administrative structures affecting the policy area:

- an explanation of the nature of the policy networks in relation to the typologies discussed in this chapter, particularly in relation to the national and the sub-national dimensions and the existence of formal cross-agency integrating mechanisms:

- an analysis of the underlying structures of the policy systems which identifies the positions of the policy actors and focuses on the channels which determine the allocation of resources and authority: and

- an exploration of the levels of efficiency and the effectiveness of the respective systems.

The methodology involved in this multi-level analysis is discussed in Chapter 3 along with a discussion of the problems involved in measuring the outcomes of these systems in terms of their efficiency and effectiveness.

CHAPTER 3

DESIGNING A MIXED METHOD STUDY

3.1 Introduction and overview of chapter

As I discussed in chapter 1 this research project sought to come to some general conclusions about the advantages and disadvantages of decentralising responsibility for vocational training to sub-national level and about the organisational implications of such a development.

Not surprisingly this posed a number of methodological challenges which eventually materialised into a study comparing developments in Scotland from 1981 to 1988 with those in the state of Victoria, Australia from 1985 to 1992. The study was also limited to management, including small business management, training. In addition the main focus of the the study was on the 'networks' or 'implementation structures' in the two research sites. Most of the limitations on the study were made for methodological reasons although, as I have discussed in chapter 2, the choice of the unit of analysis was made, at least partly, on theoretical grounds.

In practical terms the study involved mixed methods consisting of a document search, the use of a structured questionnaire and semi-structured interviews with selected respondents. The field work for the study was carried out in this country over a period of approximately 18 months from the spring of 1990 until late 1991 during which time I continued to be employed full-time as an employee of the Training Agency and subsequently Scottish Enterprise which was established in April 1991. The fieldwork in Victoria was carried out during a period of full-time study leave which lasted from January to April of 1992.

This chapter begins with a discussion of some of the central problems posed by the research project (section 3.2) and identifies some of the specific design issues which had to be addressed (section 3.3). As I mentioned above, the study adopted a mixed methodological framework. Section 3.4 discusses some of the controversy surrounding mixed methodology and explains my reasons for adopting this approach. Sections 3.5 to 3.7 discuss some of the strengths and weaknesses associated with the chosen research instruments and some key aspects of their design and administration. Finally section 3.8 discusses the analysis of the data.

3.2 The central research problem

In chapter 1 I explained that my interest in this topic was triggered by the imminence of geographical decentralisation of responsibility for policy and implementation of government sponsored vocational training programmes, and in section 2.3 I explored a number of specific concerns related to this proposed development. Some of these concerns related to the organisational implications whilst others reflected concerns about the impact on service provision, particularly in terms of the efficiency and effectiveness of the systems.

The central research question was, therefore, articulated as:

> What patterns of relationship exist between the level of political and administrative decentralisation of responsibility for adult vocational training and:
>
> - the structural characteristics of the policy making and implementation systems, particularly the location of key functions within those systems?
>
> - the behavioural (i.e. decision making and communication) processes within the policy making and implementation systems?
>
> - the efficiency of the policy systems?
>
> - the effectiveness of the policy systems?

The first central problem posed by this question was that it presumed the development of an understanding about the relationship between variables at several levels i.e. the political/administrative context, the formal administrative structures, the inter-organisational implementation structures, the behavioural processes within those systems and their efficiency and effectiveness.

As I discussed in section 2.6, existing theory did not provide material on which to base specific propositions about cause and effect relationships between political, structural and behavioural variables. This led to the conclusion that a comparative study between

a site where responsibility for vocational training was devolved to sub-national level and one in which such responsibility was centralised at national level would enable patterns of relationships between variables to be observed.

It would have been posssible to approach this question by comparing the same policy area before and after the proposed changes (i.e. using Scotland as the sub-national region in both cases), but this was rejected because of the time scales involved. The second option was to undertake the comparison cross nationally. This option was preferred because it did not imply long time scales and it also promised wider benefits in terms of identifying good practice in other countries.

However, perhaps the greatest challenge presented by the research question was the measurement of the central concepts. In particular, how were levels of political and administrative centralisation, the structural characteristics of the implementation systems, the decision making and communication processes within these systems and the efficiency and effectiveness of the systems to be measured?

For the purpose of brevity I will confine my discussion here to four main points since more detailed explanations of how concepts were operationalised will emerge in my discussion of the design of the research instruments.

Firstly, in general terms, the concepts involved were broad and this suggested to me that no single indicator would adequately reflect the full range of each concept (Bryman, 1989, p.38). In addition, as I will discuss in section 3.3, the reliability and validity of the data was problematic and this seemed to suggest a process of triangulation. In practice this meant the use of multiple measures for the concepts in question.

Secondly, the problems associated with operationalising the concept of centralisation reflect some of the central issues about measurement in organisational research (Bryman, 1989, pp 34-70) in that indicators at several levels are routinely used to measure the extent to which any system can be said to be centralised.

At one level the existence of legislative arrangements to empower a particular level of the administrative machinery can be used as an operational definition of centralisation so that the existence and scope of legislation empowering the Victorian state government in the area of vocational training could be read as an indicator of the level

of devolution. However, on its own, this is may not be an accurate measure of levels of centralisation. As this study will show, the Victorian policy system was characterised by a set of behaviours which bypassed constitutional limitations i.e. in some regards it was more centralised than the legal arrangements would have suggested.

Traditional organisational approaches to the concept of centralisation tend to be dominated by consideration of the formal arrangements which exist to divide work, define responsibilities and co-ordinate the activities of different actors within the system and to be described in terms of organisational charts (Morgan, 1993). Such documentary studies of organisations do have the advantage of being capable of revealing change over time (Bryman, 1989, p.197). However, the study of organisation charts lacks sensitivity to the social construction of institutions (Granovetter, in Nohria & Eccles eds, 1992: Berger & Luckmann, 1966). For instance, Burt (in Nohria & Eccles eds, 1992) argues that centrality is not necessarily the most important determinant of power. Given that the central focus of this study is the extent to which the Victorian and Scottish levels of the policy systems had power to determine their own actions, this implied the use of key informants (1) to provide data on actual decision making processes in addition to the pictorial representations which organisation charts constitute.

Thirdly, the concept of a 'network' or 'implemetation structure' also required further illumination in order to derive suitable measures.

The work of Hjern and Porter (1980) is helpful in this regard. Based on a comparative study of the implementation of manpower policies in Sweden, Germany and the United Kingdom, they conclude that the 'network' or 'implementation structure' is the organisational reality to which actors carrying out a particular programme refer (2). In short it is an actual organisational system although it is not a corporate body. As such the problems associated with measuring the characteristics of networks are similar to those associated with organisational research more generally although documentary sources such as organisational charts are unlikely to be available. This implies the development of instruments which are capable of identifying who or what the structure consists of and how these members interact.

Knoke and Kuklinski (in Thompson et al eds, 1991,pp.174-180) develop this idea further. Firstly, they distinguish between 'attributes' and 'relations' seeing the former

concept as the intrinsic characteristics of people, objects or events and the latter concept as the connections or linkage between units of observation within. They point out that a wide variety of relational properties can be measured and that both 'attributes' and 'relations' need to be considered in research design in order to arrive at a satisfactory understanding of the social structure in organisational systems. More particularly they define a network as follows:

> "Relations are the building blocks of network analysis. A network is defined as a specific type of relation linking a defined set of persons, objects or events."
>
> (op cit. p.174)

This poses two related questions with regard to the measurement strategy. Firstly, how were the set of persons, objects or events to be defined? Secondly, what relational properties was the research aiming to measure?

The answer to the first question, at first sight, seemed relatively unproblematic. The research was concerned with understanding the effects of centralising or decentralising trends on systems which were involved with making and implementing policy on management training within specified periods of time. This initially seemed to imply that the nodes (Knoke & Kuklinski, in Thompson et al eds, p.175) of the network should be defined as those individuals who had been involved with a specified range of initiatives within the specified time frames in Scotland and Victoria. However, this would have presented an analysis problem which I believed would have been outwith the scope of a sole researcher. As I will discuss in section 3.6, 145 people participated in the research on the Scottish network and 102 respondents participated in the research on the Victorian network. It is likely that these numbers could have been increased given limitless time. The challenge of analysing the interactions between individuals in such a large population was too daunting and clearly a smaller number of more general categories had to be selected.

There were a number of theoretical and contextual factors which guided the choice of network nodes. Firstly, the data collected needed to reflect the interaction between the national level and the sub-national level and in practice clusters of individuals were to be found at these levels. In addition, both policy systems had a substantial field delivery structure below the Scottish and Victorian levels and it was important to reflect the interaction between the three levels of the overall system. Furthermore, as I discussed in section 2.6, the issue of inter-governmental relations emerged as a strand

of the theoretical discussion about the success or otherwise of decentralisation so it was important to reflect activity between the main funding agencies and other government agencies. Finally, particularly in Australia, there were major concerns about the role of the private sector in government funded vocational training so a further distinction was made between the private sector and the non-profit sector.

In practice this resulted in the construction of a network framework which consisted of three levels in each site. These levels were divided into four categories at each level in the Scottish framework i.e. MSC, other public sector, private sector and non-profit sector giving a total of twelve nodes. In the Victorian framework two more nodes were added to take account of the existence of state agencies at state and local level in addition to central government agencies, giving a total of fourteen network nodes. This seemed both practical and consistent with the major theoretical and substantive research concerns.

However, this choice did present a sampling concern. Clearly the selected nodes were not capable of responding to research questions and observation was ruled out because of the retrospective nature of the study. This implied a survey of key informants within each of the nodes in order to capture data about the interactions between them.

The question of the relational content which was to be measured was also relatively unproblematic given the theoretical and substantive research concerns and the practical constraints implied by a sole researcher. Knoke & Kuklinski (in Thompson et al eds, 1991,p.177) produced a useful resume of common types of relational category and cite some relevant studies. In practice several of these categories seemed relevant to the research problem. Firstly, 'communication relations' (Marshall in Polgar ed, 1971: Lin in Hannemann & McElwen ed, 1975: Rogers & Kincaid, 1981) reflected some of the concerns about the ability of a system to transmit market intelligence to those parts of the policy system capable of initiating policy action, and in particular the concerns about the ability of a national system to pick up information about sub-national problems. However, an analysis which focused only on channels through which messages flow would have been unlikely to reveal how action is secured. Secondly, the concept of 'instrumental relations' (Granovetter, 1974: Boissevain: 1974) reflected some of the concerns about converting intelligence into action. As this study will show, both the systems in questions showed a marked trend towards the use of market forms of transaction to secure service delivery and market intelligence. The concept of 'authority/power relations' was especially relevant in that it reflected the central

research focus on the effects of shifts of legal power. However, an analysis of power relations only would have been inclined to reveal the source of power rather than the channels through which this was converted into action.

In short, if the organisational network which was being studied was an actual organisational system consisting of individuals engaged in the task of taking a particular range of programmes from policy formation through to implementation and evaluation, I had to be interested in communication and how power and goods and services were secured. Perhaps in an ideal world this would have implied a series of questions designed to elicit information about subtly different types of relational content. Again the analysis implications of this seemed daunting for a sole researcher and the relational content of linkages within the network was operationalised in a question which attempted to reflect all these concerns in that it asked respondents to identify the nodes in which key contacts were located for the purposes of carrying out their work on one of the specified initiatives.

However, one further refinement was introduced to take account of the potential broadness of this question. Knoke & Kuklinski (in Thompson et al eds, 1991, p.175) recognise that advice-giving networks are unlikely to be the same as formal authority networks. My intuition, perhaps based on working in the policy system in Scotland, was that the networks which were engaged on making policy were significantly different from the networks which secured action. Respondents were, therefore, asked to indicate the purpose of the key contacts which they identified under a series of headings which reflect the major types of work which my experience suggested were involved i.e. formulate policy, design/develop initiatives, plan, resource, select service deliverers, deliver services, monitor/evaluate. This, of course, did not preclude identifying a number of different purposes for each key contact.

Finally, the question of how to operationalise the concepts of 'efficiency' and 'effectiveness' have partly been answered by the discussion in section 2.5 in that it identified a range of dimensions of these two concepts. These dimensions were chosen mainly because they reflected the central controversies in the two research sites which tended to have a strong organisational focus. To summarise this discussion, the dimensions of 'efficiency' were articulated in terms of clarity of objectives, standardisation of decision making, formal structuring of information transfer and role clarity. The concept of 'effectiveness' was articulated in terms of environmental responsiveness, expertise, autonomy and innovation. These 'dimensions' are in

themselves multi-faceted and I will return to a more detailed discussion of these facets in chapters 5 and 6.

However, this choice also had general implications for the selection of measuring devices. For instance if the ratio of inputs to outputs had been selected as a dimension of efficiency, this would have implied a strongly quantitative approach to measurement whilst the chosen focus on the processes inside the 'black box' suggested the development of much more qualitative measuring devices and interpretative methods of analysis. In general this pointed to the use of multiple indicators which are too numerous to detail here but which will rear their heads when the results of the fieldwork are reported in chapters 4 to 7. This might imply an assault on validity and reliability and ultimately this is a criticism which I can only defend on the basis of the paucity of measures which have been thoroughly tested and the reality of organisational research which often requires the departure from text book procedures (Bryman, 1989, p.70).

However, the cumulative conclusion of this discussion of the central research problem was that a wide range of data required to be collected. This included data about the legal arrangements with regard to responsibility for the delivery of vocational training, data about the formal structure of the implementing agencies, data concerning the interaction between individual actors located within the specified nodes of the network, quantitative and qualitative data about the outcomes of the process and qualitative data from key informants about the impact of structural changes on the behavioural processes within the systems, particularly the chosen organisational dimensions of efficiency and effectiveness.

Clearly this had implications for the choice of research intruments which are discussed at sections 3.4 to 3.7. However, first there were a number of more specific design considerations which are discussed in section 3.3.

3.3 Design issues

Apart from the central research problems which were discussed in section 3.2, there were a number of specific design issues which had to be considered in preparing an overall methodological framework. These design issues are considered in this section and include the choice of research sites and policy areas, the methodological implications of the chosen unit of analysis, the requirements created by the decision to

undertake a cross national comparison, the longitudinal nature of the study and access to the relevant data sources.

In chapters 1 and 2 I explained that the study had been based on a comparison between Scotland and the state of Victoria in Australia. I also explained that the field of adult vocational training had been limited to management training in which, as I discussed in sections 1.7 and 1.8, small business management training was developing in both research sites as a priority area. In chronological terms the research was limited in Scotland to the period 1981-88 and in Victoria to the period 1985-92. These decisions were driven partly by theoretical concerns but were very largely driven by practical concerns.

Firstly, having decided to undertake a cross national study, I felt daunted by the prospect of working in any language other than English. This effectively eliminated all but the United States of America, Canada and Australia.

The choice of Australia was the result of a fortuitous accident. Early in 1988 I was introduced to a senior official of the Commonwealth Department of Employment, Education and Training who was on an official visit to the Employment Service in Scotland. The establishment of what he described as "the super ministry" had, he told me, provoked significant controversy in Australia. He was referring to the creation in 1987 of the Department of Employment, Education and Training (DEET) and one of the most significant elements of this controversy was the expanded national role which this agency was developing in the area of vocational training. The coincidence seemed too good an opportunity to miss. Not only did Australia have a system in which the states had constitutional authority over vocational training matters, but this authority was, it seemed, actively being threatened by centralising trends. This opened up the possibility of a study which was attractive from two perspectives. Firstly, the apparently opposite movement of the two systems would generate more opportunities to explore patterns of relationships between variables. Secondly, the contemporary nature of the controversy promised much in terms of currency of debate and salience of views on the issue of centralisation.

The choice of Victoria as an appropriate sub-national unit for comparison with Scotland was made as much for its similarities as for its differences. Whilst it was different in terms of having a significant state level policy making and implementation system for vocational training, it was broadly similar to Scotland in terms of

population size and, as in Scotland, there were issues surrounding the reform of its manufacturing base which have already been discussed in section 1.6.

The decision to limit the study to management training initiatives was essentially made for practical reasons. By 1988 the scale of the adult training operation was such that a study of its entire implementation structure was likely to be outwith the scope of a lone researcher. The area of management training was attractive because of its manageable scale, but also because, unlike other areas of training, it promised opportunities to explore the shifting boundaries of social and economic policy. As this study will show, management training initiatives were sometimes designed to meet economic objectives. At other times programme objectives were principally social. Particularly in Britain, economic and social objectives were often combined in management training initiatives. On a more pragmatic level, management training was an area in which I had considerable experience and, therefore, offered the prospect of a study in which I could concentrate on the processes involved without being distracted by unfamiliar technical terminology.

The chosen unit of analysis also posed some challenges in terms of the overall methodological design.

In chapter 2 I argued that policy making and implementation involves a wide variety of public and private actors and stressed the importance of linkages and interactions between these actors. It was argued that this set of inter-relationships, the inter-organisational network, is an appropriate unit of analysis in studies of this kind; that is to say that the focus of the study should be shifted away from the single organisation or policy actor to the network as a whole. In section 3.2 I discussed some of the general problems involved in operationalising this concept. This involved recognising that the network consisted of individuals, but categorising these individuals in the main clusters in which they were located for practical purposes of analysis.

This presented a number of practical methodological problems.

Firstly, if the network consists of individuals, then it is a shifting population of which influential actors may no longer be members. In practice, the study aimed to analyse the policy developments from 1981 to 1988 in Scotland and from 1985 to 1992 in Victoria. The methodology, therefore, required to be capable of tracing individual actors who had played a part in the network for all or part of the appropriate period.

Secondly, the implication of this view is that the size of the total network membership is not known and it, therefore, does not readily lend itself to probability sampling techniques although the selected nodes which I discussed in section 3.2 did provide the basis for a form of multi-stage cluster sample involving the use of a convenience sample within known clusters (Bryman, 1989, p.107-117). This implied surveying a relatively large sample in order to limit problems of generalisability.

I have to acknowledge at this stage that, to a very great extent, the eventual size of the sample was determined by the constraints of a lone researcher working within given time constraints. However, Bryman (1989, p.114) also recognises that much organisational research tends to draw upon convenience sampling of relatively unknown populations. Whilst he does point to the deficiencies of this approach, he does acknowledge that the practicalities of doing organisational research often decree that this is the only way of securing a sample. Moreover, he points to some well known pieces of research, such as Hackman and Oldham's (1976) initial job characteristics study, which could perhaps be criticised on this score.

A separate, but related issue was the geographical distribution of the members of the network. Firstly, although the study was focused on developments in Scotland and the state of Victoria, a substantial number of key influencers were located outwith these sites. In Victoria government officials in Canberra often had significant influence, and research and development work was being carried out all over Australia, particularly in New South Wales. In Scotland both Sheffield and,to a lesser extent, London were significant sources of influential officials and other key actors were located in e.g. Durham and Warwick Universities. As far as individuals in both Scotland and Victoria were concerned, the officials were located in easily identifiable clusters, but these were separated in both cases by significant distances. Others working in the policy system such as academic advisers and training providers were to be found at sites outwith these clusters and distributed across the region. Very often individuals in this category were not co-located with other actors in the network making them additionally inaccessible.

In Chapter 2 I dealt with a number of theoretical issues related to undertaking comparative research and concluded that some of the major deficiencies which have been identified in this area can be overcome by the presence of a guiding theoretical framework and the choice of appropriate units for comparison. However, this

discussion stopped short of highlighting the particular issues which need to be borne in mind when selecting instruments for use in social research.

There are, of course, some senses in which it can be said that all good research is comparative (Grimshaw,1973). However, there are particular methodological issues in cross-cultural and cross-national research which need to be addressed. Whilst these issues may not differ in kind from those which affect other social research, they do present more significant barriers, or as Grimshaw (op. cit., p.4) argues:

> "while the problems involved are no different in kind from those involved in domestic research, they are of such great magnitude as to constitute an almost qualitative difference for comparative, as compared to non-comparative research".

Not surprisingly, the study in question rates relatively low on the scale of difficulties presented to cross-national research projects in that English is spoken both officially and predominantly in both sites and, as I will discuss in chapter 4, there are equivalent and somewhat similar, though not identical, policy systems in place in both sites.

The major methodological difficulty which was presented by this choice of research sites was that it involved comparison across two societies. This raised the issue of whether research instruments have equivalent meanings in both cultures in order to ascertain that the variation found is due to real differences rather than to those inherent in the research tools (Etzioni & Dubow eds, 1970, p.15 ; Armer in Armer & Grimshaw eds, 1973, p. 50 -51). As Armer puts it:

> "Even if the concepts and methods in different societies are outwardly identical, the meanings or implications may not be.....The same measurement technique in two societies may measure different aspects of reality.....Conceptual equivalence is based on the assumption that measuring a concept requires choosing indicators that are believed to indicate with some degree of accuracy the conceptual properties we wish to measure; in different societies these theoretical properties may be more accurately measured by different, than by identical, indicators."

At first sight, this study presented few challenges on appropriateness of choice of methods. As I will discuss in chapter 4, the network population in both sites consists of public sector officials and training professionals and the network membership was likely to be broadly similar in both sites in terms of educational levels and socio-

economic groups. There was one major exception to this. One strand of Australian business start-up programmes was focused to provide assistance for native Australians. In many cases these initiatives were community based and managed and were located in remote areas where little integration with the predominantly urban Australian culture has taken place. In practice, this meant that a small proportion of the training providers included in the fieldwork represented a dramatically different sub-culture and methods of research designed for the two main sites had to be re-examined mainly because the researcher could not assume similar levels of literacy (Armer,op. cit,p.53). However, overall this represented a small proportion of the total sample of respondents . The response, therefore, was to design a methodology which was generally appropriate in both sites and to deal with the issue of sub-cultures on an exceptional basis.

The question of equivalence of meaning was a little less clear cut. First of all, given that a major objective of the research was to capture data about pattterns of interaction within the inter-organisational networks in both sites, it was necessary to design research instruments which were capable of modification to take account of the different institutions of which individual actors were members and the different political and administrative divisions at sub-national level. In the main these modifications had to take account of the existence in Victoria of a separate tier of government at state level and the fact that the main sponsoring government department in Australia, the Department of Employment, Education and Training, was structured differently from the Manpower Services Commission and its successor organisations, which was the main sponsoring government department in this country.

Furthermore, it has often been said that Britain and the United States are two nations divided by a common language and there is an extent to which this is true of Britain and Australia. The chosen methods, therfore, had to be aware of different connotations attached to words and concepts. For instance, people within the policy network in Britain commonly refer to 'enterprise training' as training which is directed towards improving the management skills of those who own and manage their own small or medium sized businesses. In Australia this term is less commonly used specifically to describe small business management training and in common usage has a subtly different meaning. The term 'enterprise based' training is, in fact, often used in Australia to reflect the distinction between training which is carried out in the place of work and training which is carried out in a training establishment. An apprentice in the car industry being trained in a car factory would, therefore, be referred to as being in

'enterprise based' training although it had nothing to do with small business management.

The greatest potential source of ambiguity lay in some of the initiatives organised under the Australian Skillshare programme. This programme will be described in Chapter 4, but essentially it provides community groups with funding to start community owned businesses in which local unemployed people can train in a variety of skills which may in a minority of cases include training to enable them to manage their own businesses. Participants on the Skillshare programme were, therefore, frequently referred to as being in 'enterprise based' training and care had to be taken to distinguish between those who were receiving business management training and those who were not. In short, the overall methodological design had to be capable of identifying non equivalences of this sort and modifications had to be incorporated into the research instruments to take account of problems of equivalence.

Perhaps not the least methodological problem which had to be taken into account in the design of the fieldwork was the fact that the research was both retrospective and longitudinal.

In theory it would have been possible to study the two policy systems at a given point in time. However, as I discussed in section 3.2, the need to build up a picture of patterns of relationships between variables at a number of levels coupled with the apparent opposite trends in the two systems in relation to centralisation made the possibility of studying change over time an attractive one. This option was also favoured by contextual factors.

The reader will recall from Chapter 1 that in 1981 an axiomatic document entitled A New Training Initiative: An Agenda for Action (Manpower Services Commission 1981c) was published in Great Britain. This document was to shape adult training policies throughout the eighties until the decision to establish Scottish Enterprise was made in 1988. In Australia, a similarly significant document entitled Report of the Committee of Enquiry Into Labour Market Programs (Commonwealth of Australia, 1985a) which was published in 1985 had been equally important in determining the policy developments in vocational training up to the period when the fieldwork was carried out between January and April 1992. The research, therefore, sought to compare developments in Scotland from 1981 to 1988 with those in Australia from 1985 to 1992. In practice this meant that developments over 7 years had to be tracked

in each site and respondents were required to give information about behaviour and attitudes which took place in the past.

One of the main problems associated with this kind of research are the effects of time and memory on responses. Sudman and Bradburn (1974, p.67) identify two kinds of memory error as follows:

> "The first is the ommission error, where the respondent forgets an episode entirely, whether it is a purchase of a product, a trip to the doctor, a law violation, or any other act. The second kind of error is the compression-of-time or telescoping error, where an event is remembered as occuring more recently than it did. Thus, a respondent who reports a trip to the doctor during the past seven days when the doctor's record shows it took place three weeks ago has made a telescoping error."

These problems were of some significance in the context of this study. Firstly, some of the data about network interaction required that respondents recall fairly specific data about the purpose of the contacts which they had with other actors in the network. Secondly, some of the research questions concern the respondents attitudes or opinions on issues such as the effectiveness and efficiency of the policy network, the nature of the decision making process within the network and the effects of centralisation and decentralisation. Nachmias and Nachmias (1981) point out that these types of questions are intrinsically more prone to errors of omission than factual questions even where the added complication of elapsed time is not present (3). They argue:

> "One may reasonably assume that the respondent knows whether he or she is married or not. With opinions or attitudes, the assumption that the respondents know cannot always be made. For example, respondents may not have an attitude towards communism, or if they do, it may be largely latent."
>
> (op. cit. pp.209 -210)

As I mentioned above, in connection with the issue of appropriateness, the majority of respondents in the sample were professional people who could be expected to be able to grasp the concepts on which their views were sought. However, it had to be accepted that these views may be latent and techniques had to be built into the research design to deal with this. Telescoping was also regarded as a central issue. Sudman & Bradburn (1974, p.69) report two major types of telescoping. The first involves reporting events as having occurred more recently than they did and the second

involves over-reporting as a result of ambiguous boundaries around categories of analysis. These phenomena had significant potential to contaminate the data collected in two main ways. Firstly, the study sought to relate events in the policy process to an overall time frame and telescoping of timescales could seriously distort this relationship. Secondly, a major part of the study was concerned with analysing communication patterns within the two networks and the accuracy of this analysis, therefore, depended heavily on minimising over-reporting of contacts. These issues are discussed in more detail in sections 3.6 and 3.7 which examine the design and administration of the postal questionnaire and the conduct of personal interviews.

Lastly, the issue of access had to be considered and a slightly different approach had to be adopted in the two sites.

Firstly, until 1991, I was employed by the Manpower Services Commission and my research was financially sponsored by my employer. I had permission to review any documentary information held by the organisation which I required and this gave me relatively easy access to sources of information about network members. I also had permission to contact other officials of the organisation or employees of organisations which held contracts to provide training services. The latter category posed something of a problem. I was a senior official and known, at least by name, by a large number of network members. At one level this may have eased access, but at another level the effect might have been to inhibit respondents and to cause doubts about the confidentiality of any data provided. At worst, this group of individuals might have feared the loss of contracts if they criticised my employing organisation. I opted to attempt to distance myself from my official standing and most correspondence which I sent carried an Edinburgh University letterhead, although I did explain in the text that I had worked for many years in vocational training in order not to create a suspicion that I was trying to conceal my identity. For purposes of standarisation, I also used this approach with other officials. In practice most of them knew who I was and that the organisation was sponsoring my research. In the main this resulted in them feeling free to use working time to respond to the questionnaire or to be interviewed. However, this approach did fail on one occasion when a number of questionnaires which I had sent to one unit of the MSC's head office in Sheffield, where presumably I was not known, were returned by the head of the unit with a polite note explaining that the staff could not respond "for official reasons".

Access to the Victorian network proved equally unproblematic for three reasons.

Firstly, as I explained in section 3.2, my choice of site had been influenced by a meeting with a senior official from the Department of Employment, Education and Training in Canberra. He personally contacted a number of key informants and asked them to see me and he appointed a member of staff in the department's head office in Canberra and in the Victorian state office in Melbourne to host my visit. In practice this meant that I was able to access officials at all levels, including visits to the local field offices. I was also given working accommodation in DEET offices in both Melbourne and Canberra and free access to the staff library in both sites. Although participant observation had never been part of my research strategy, I was able to learn a great deal during spells in which I was treated almost as a colleague.

Secondly, whilst access to DEET sources had been arranged in advance of the field trip, I was less sure of access to Victorian state sources and, when I arrived in Australia, I was unsure how this might be secured. This did not prove to be a problem. The level of personal familiarity between DEET officials in Melbourne and their Victorian state counterparts was high and I was soon personally introduced to contacts at a senior level who were able to agree access to other more junior officials. Whilst I did not enjoy the free access which I had been accorded by DEET, I was able to secure access by appointment to potential interviewees and documents were freely provided on request.

Thirdly, I had to secure access to network members who were not officials. A substantial number of these were training providers and advisors to government. Whilst officials were helpful in suggesting contacts, the mechanics of establishing contact were left to me. This might have proved problematic if I had been perceived as an unknown foreigner. However, I was assisted in this by the Centre for Industrial Relations and Labour Studies at Melbourne University. I was given access to a word processor, the library and working accommodation. More importantly, I was given permission to use the centre's headed paper so I was able to correspond with potential respondents in much the same way as I had done in the Scottish network. This process was also assisted by a brief letter of introduction from the former Director of the MSC in Scotland, by then the Managing Director of Scottish Enterprise, which I enclosed with correspondence.

As I discussed earlier in this section, there were more significant problems of access related to the nature of the chosen unit of analysis and the geographical distribution of network members. However, I will return to this issue later in the chapter.

In conclusion, the nature of the research problem raised a number of significant methodological challenges which had to be taken into account when selecting an appropriate research instrument or set of instruments. Firstly, data had to be gathered at various levels ranging from the structural level down to the individual actor. Secondly, there were significant problems of scale and geographical distribution in the network population which the methodology had to be capable of encompassing, assuming a sole researcher. Related to this was the fact that all the individual members of the network were not known to me, especially in Australia, and a tracking mechanism was also necessary to enable identification of individuals who had left the policy system. Thirdly, the study sought to gather factual and attitudinal data. Fourthly, the cross-national nature of the study posed minor problems of appropriateness in terms of the choice of research methods but there were more significant problems of equivalence. Finally, the longitudinal retrospective nature of the study required mechanisms to reduce errors of omission and telescoping.

The following section discusses how these requirements were incorporated into a research design.

3.4 The case for mixed methods

It became clear early on in the research project that no single methodological instrument could satisfy all of the criteria identified in section 3.3 above. The scale and geography of the exercise suggested a postal survey methodology but this was unlikely to yield the qualitative data which are more readily obtained through face to face interviews. Surveys are also prone to errors of omission and telescoping and whilst it is possible to take account of this in the design of the instrument, the longitudinal nature of the study lent itself more readily to documentary analysis which would set events in their historical context. The overall approach was, therefore, to construct a mixed methodology consisting of a document review, a postal questionnaire and a series of interviews with key actors within the policy network.

My reasons for combining methodologies were that the nature and complexity of the research problem suggested that the no single method was appropriate and that the

strengths of a range of methods could be combined. In adopting this approach, I acknowledged the preference of some social researchers for either qualitative or quantitative methods (4). The reasons which underpin these preferences are important, but the practicalities of the research, the strengths and weaknesses of the various strategies and the circumstances in which the research is to be carried out are equally, if not more, important (Bryman, 1989, p255). Bryman, for instance, cites numerous examples (Pinfield, 1986; Staw, 1975; Rush et al, 1977) which suggest that methods can be adapted to a variety of different uses and argues:

> " that each design and method should be taken on its merits as a means of facilitating (or obscuring) the understanding of particular research problems".
>
> (op. cit.p. 255)

Qualitative research methods have many advantages over quantitative methods. They provide better access to hidden aspects of organisations, have a greater facility with process and change, and are better at generating new concepts and ideas than quantitative methods. On the other hand there are alternative advantages associated with quantitative methods such as generalisability and ease of data interpretation and analysis. Good research consists of recognising the technical advantages of each method and that the method will only be good or bad in relation to the requirements of the research problem (Bryman,1989; Marsh, 1982; McNeill,1985).

Many social scientists have already recognised the merits of combining different methods in order to capitalise on their respective strengths and to compensate for their inherent weaknesses (Brewer&Hunter, 1989). Brewer & Hunter (1989, pp 11-12), for instance, argue the case for mixed methodology in the following way :

> "The multi-method approach is a strategy for overcoming each method's weaknesses and limitations by deliberately combining different types of methods within the same investigations. The methods used in multimethod studies are, for the most part, the standard methods of contemporary social research. In that respect, there is little new in the multimethod approach. What is new, however, is the planned, systematic synthesis of these different research styles, purposefully aimed at improving social science knowledge."

Burgess (ed, 1982) chooses the term "multiple research strategies" to describe the use of diverse methods in tackling a research problem and argues that researchers ought to

be flexible and to select a range of methods that are appropriate to the research problem under investigation (Burgess, 1984). This approach is also commonly recognised as triangulation (Denzin,1970,p. 310; Brannen,1992, p.11) in which different methods are applied in relation to the same object of study or substantive issues in order to increase validity.

This study, therefore, sought to combine the use of research methods in order to address the demands of longitudinal and retrospective research with those of scale and geographic distribution and with the need to elicit qualitative accounts of internal processes. Whilst accepting the epistemological distinctions between positivism and phenomenology, and their associated preferences for quantitative and qualitative research respectively, along with many modern methodologists (Silverman, 1985: Bryman, 1989: Hammersley, 1992) it rejects the idea that methods stemming from the two traditions are mutually exclusive.

The research instruments which will be described in sections 3.5 to 3.7 of this chapter have, therefore, been chosen on the basis of their degree of fit to the research questions and not from any dogmatic position about the nature of social reality.

3.5 The document analysis

The first stage of the empirical research in both Scotland and Victoria was a search of documents in the policy area Bailey (1978). This included documents which were in the public domain but also included internal government documents or correspondence between officials or professionals in the education or training fields. As I explained in section 3.3, I did have free access to documentary sources within MSC offices in Scotland. In Australia, although I was given access to staff libraries, these tended to contain documents which were in the public domain and this saved a great deal of time and effort. However, more confidential or internal working documents had to be requested and although I was given a great deal of co-operation, inevitably the range of documents which I was able to access was narrower and more dominated by official reports than the document search in this country.

It is also worth noting that since my visit to Australia lasted less than 4 months, I had to proceed with the research in a much less sequential way. Whilst in Scotland document search led to postal survey and hence to interviews, the practicalities of the Victorian research dictated that I begin interviewing and surveying by post soon after

arrival so that in reality the different methods were often being administered simultaneously.

The document search had three main objectives.

Firstly, it was used as a starting point for for identifying individual actors within the policy network. This was particularly important in Australia where I had less personal knowledge of the field. It also enabled me to identify individuals who were no longer working in the policy network so that changes in network membership could be accommodated in the the postal questionnaire and interviewing exercises. Where these individuals were no longer accessible, scrutiny of personal documents also gave me access to data which was not accessible by any other method.

Secondly, the document search was used to develop and refine the research agenda. This was particularly useful in the Victorian context because it provided me with contextual material and time frames which helped me to phrase interview questions.

Finally, the document search was important in the overall methodological design in that it aimed to address the longitudinal and retrospective problems which were discussed earlier in this chapter. One of the major advantages of document studies is that they lend themselves readily to longitudinal analysis, allowing policy developments to be tracked over time without the contamination of memory failure and post-determined bias (Turner & Martin eds, p.297).Bryman (1989, p.236) also points to the importance of archival material in strategic management research which seeks to study organisational effectiveness. Written statements of policy intent were, therefore, critically important for assessing the effectiveness of the network in terms of achieving its policy goals.

In practical terms, the document search was one way of reducing the cost of access. In both Scotland and Victoria files on the main policy initiatives were held at central locations. In Scotland the exercise involved scrutinising policy files in the Scottish headquarters of the Manpower Services Commission and in a sample of MSC Area Offices. An equivalent pattern of document storage was found in Australia where comprehensive files on each major programme were held at the Victorian state office of the Department of Employment, Education and Training in Melbourne and in the local field offices of that organisation. In practice, scrutiny of files at local level proved to be relatively unproductive because of high levels of duplication. In order to ensure that the

document search reflected all stages of the policy process it was also necessary to scrutinise files in the national headquarters of the MSC in Sheffield and the Australian headquarters of DEET in Canberra.

Most of the documents which were studied were internal government documents or correspondence between officials and training professionals. As such they had been written by people who were familiar with the subject matter and the content was, therefore, very valuable. However, a number of caveats had to be placed on the interpretation of data obtained from documentary sources. None of the documents involved had been written for research purposes. In many cases they were likely to have an overtly political intention and may have exaggerated, concealed or fabricated to achieve the desired effect. This is especially true of official publications about government training programmes which are likely to remain accessible in policy files. Many working documents which might have reflected a greater degree of sponteneity may have been destroyed or placed in working files which were less likely to be accessible to a researcher.

One final significant advantage of the document search used in conjunction with other methods was its ability to counteract some of the memory failure problems associated with postal questionnaires. By obtaining data on an accurate time frame, I was able to build bounded recall mechanisms (5) into subsequent stages of the research.

3.6 Questionnaire design and administration

In section 3.4, I touched on the controversy in the social sciences between the two major perspectives, positivism and phenomenology. The spectre of a 'social science' has also lurked behind the more specific debate about the value of survey based research. Catherine Marsh (1982) in her chapter entitled The Critics of Surveys argues that very disparate criticisms of surveys are often lumped together under the eclectic banner of anti-positivism. She notes that the idea that surveys are inherently tarnished through their inevitable positivism has gained sway amongst sociologists. However, she argues that these criticisms fail to add up to a coherent assault.

On a more practical level, structured questionnaires are a popular way of collecting systematic information from a cross section of cases (6). In this case the postal questionnaire offered a cost effective solution to the problem of the scale and geographical distribution of the network membership. It also lent itself well to a rapid

'snowballing' technique in that respondents were asked to include information about other key actors in the field enabling me to identify unknown network members or those who were no longer involved in the policy network from a small cohort of network members identified in the document search or during interviews. This was particularly valuable in Australia.

This also provided a solution to the problem of the unknown size of the network and the attendant difficulty of identifying an appropriate sample size. The postal 'snowballing' technique meant that in theory I could keep following up new contacts until all present and past network members had been contacted. In practice, in Scotland three main waves of questionnaires were sent at which point the low rate of identification of new contacts made further postal canvassing unrewarding. In Victoria the more incremental approach to the research meant that I simply sent questionnaires individually or in batches as new contacts were identified. However, towards the end of the fieldwork I deliberately sought out new contacts in particular parts of the system in order to keep the sample roughly similar to the Scottish one.

Some supporters of the use of this kind of research argue that many of the complaints that come from sociologists about the use of structured questionnaire are a result of poorly designed, inadequately conceptualised and theorised, unpiloted or just ill managed surveys (Marsh,1982,p.3)

Marsh (ibid) also argues that although there are a lot of surveys around which are of "no sociological or even social value" , they do not have to be like that, and that "good survey practitioners are more aware of the problems and the solutions to those problems than most sociologists". Indeed much work has been done to research different forms of question wording (Bartram and Yelding,1973; Kalton et al 1978; Schuman & Presser 1981; Bradburn & Sudman, 1979). Others have concentrated on aspects of the management of the survey (Nachmias & Nachmias, 1981).

Drawing on this work, the following concentrates on discussing the design features of the questionnaire which was used and describing how it was administered. The questionnaire was piloted first in Scotland and some modifications were made. A copy of this modified version is at Appendix 1. The questionnaire was subsequently piloted in Victoria and some adjustments were made to take account of problems of equivalence. For the purpose of brevity, I have not included a full copy of this version of the questionnaire, but Appendix 2 details those questions which were modified.

The questionnaire was designed around four main areas. Firstly, it asked for some information about the length and range of involvement which the individual had had with initiatives in the policy area. Specific initiatives were not mentioned by name because of the large number and problems of equivalence in the two research sites. Instead they were grouped together into general categories. As I will discuss in chapter 6, this data was used to analyse range and levels of expertise in the network.

The first area of questionning also acted as a funneling mechanism (Nachmias &Nachmias, 1981, p.219-221) to bound the respondents recall for the second area of questionning which was likely to be more subject to memory failure. The second area of questionning concerned patterns of key contacts within the network across a range of stages within the policy process. This data formed the basis for analysing the structure of the policy network as I discussed in section 3.2. The requirement to collect data in this area proved a significant reason for including a postal questionnaire in the overall methodological framework because of the high generalisability offered by survey research (Brewer & Hunter, 1989).

The third area of questionning asked for data about resources which were availble for the specific initiative in question. This performed a reverse funneling function (Nachmias & Nachmias, 1981) in relation to the final section which was specifically concerned with views on the importance and effectiveness of the initiative concerned. This technique involves asking narrow questions followed by broader ones and can be helpful where the topic may not be highly salient to the individual or where their experiences may not be recent enough to be vivid in their memory (Nachmias & Nachmias, 1981, p.220). Response scales and matrix questions were incorporated into these two areas of the questionnaire in recognition of the low salience of the attitudes which were being tested (Bradburn &Sudman,1974,p.152-162). Some open-ended questions were also included to increase the collection of qualitative data beyond the interview sample and to help with refining the interview agenda.

Finally, the questionnaire asked respondents to identify other people who were involved with management training initiatives. This helped with the 'snowballing' effect in terms of identifying new contacts. However, it was also useful in terms of identifying key informants since some names were conspicuously repeated.

The administration of the postal questionnaire was equally important. One of the major criticisms of this type of research concerns itself with non-response or low response rates, and various elements of the administration of the exercise were designed to counteract this problem. First impressions are obviously important so a covering letter was included to explain the purpose of the research and to motivate the recipient to reply. Respondents were invited to return the completed questionnaires in a stamped addressed envelope which was provided.

The return of completed questionnaires was followed up at two weekly intervals and each non-response had two follow-up letters each containing a duplicate copy of the original questionnaire and a stamped addressed envelope. There was a significant return on first follow-ups which reduced dramatically in response to second follow-ups.

It is also worth mentioning that in Scotland the questionnaire exercise was completed in advance of interviews other than pilot interviews. As I discussed earlier in this section, this sequential approach to the research was not logistically possible in Victoria and on some occasions I completed the questionnaire as an integral part of interviews.

The following table details the response rates.

Table 3.1 Analysis of questionnaire response rates

	SCOTLAND	VICTORIA
Number sent	202	132
Number returned	145	102
% response rates	72	77

3.7 Interviewing key informants

The purpose of the research interviews was to supplement the data gathered in the document search and the questionnaire exercise with more in-depth qualitative data about the decision making processes within the policy network, the efficiency and effectiveness of the network and the effects of centralisation and decentralisation.

A sample of people was, therefore, selected based upon:

- their official remit within the network. The sample included officials at all levels, training providers and other advisors:

- involvement with specific programmes. The sample included individuals who had been involved with all the main management training initiatives which had been implemented during the period in question:

- importance in the network. The sample included people who were frequently identified as key contacts as well as people who were infrequently mentioned in this regard.

As I explained earlier in this chapter, this structured approach had to be modified in Victoria because of the time available for the fieldwork. I also had somewhat less control over who was selected for interview as officials in Canberra and Melbourne were charged with the responsibility of hosting my visit although I did discuss in general terms who I would like to interview. However, the cumulative effect of their enthusiastic efforts was that I interviewed far more people than I had in Scotland. In some instances I also found myself confronted with impromtu focus groups when whole departments turned up at meetings. As with the questionnaire exercise, towards the end of the fieldwork I specifically sought out individuals in particular areas where there were gaps in the sample. The breakdown of interviewees in the two research sites was as follows.

Table 3.2 Breakdown of interview sample

	Scotland	Victoria
Officials at national level	6	12
Officials at sub-national level	8	*18
Officials at local level	8	12
Providers of training	6	5
Officials of other public sector organisations	3	6
Advisors and other miscellaneous	4	6
Total	35	59

N.B.

Scottish totals include 6 exploratory pilot interviews. Victorian totals are inflated because of 3 group interviews.

* Includes 10 officials of the Commonwealth government agency and 8 officials of the Victorian state agency

In Scotland all the interviewees were selected following the questionnaire exercise and this selection was based on the sampling criteria which I outlined earlier in this section.

I was able to adopt a relatively informal approach to securing interviews in the Scottish policy network. Because of my work with the Training Agency, many of the proposed interviewees knew me personally or by reputation. The standard thank you letter which was sent to all those who had responded to the postal survey gave advance warning that the next stage of the research would be a series of interviews with a smaller sample. This paved the way for me to telephone the individual to request an interview. Verbal contact also enabled me to work on the interviewees motivation by stressing the importance of their contribution to the research and allaying any fears which they had about the degree of difficulty of the questions or the length of time which it would take. In two cases where V.I.P. interviewees were involved, I judged that a written request for an interview would be more appropriate. However, in all cases, I followed up the initial request with a letter of confirmation which outlined the main areas which I

wished to discuss, explained how long the interview would take and requested permission to tape record.

As I explained in section 3.6, the research in Victoria had to proceed in a much less systematic way than the it had done in Scotland, principally because of timescales. In practice this meant that I had to begin interviewing immediately. Individuals in the Australian sample, therefore, had to be identified from a variety of sources including the postal survey, organisation charts, reports, memos and personal contacts.

Initially my meetings with the officially nominated contacts in DEET in Canberra and Melbourne were very fruitful in terms of identifying appropriate individuals to include in the sample. Where officials were concerned, initial contacts were made on my behalf and this also meant that individuals invariably agreed to participate.

I also found it relatively easy to get non-officials to agree to be interviewed. In spite of the many criticisms which were made of the MSC in this country, the institution did have a very positive reputation in vocational training circles in Australia, and most people whom I approached expressed interest in meeting me to hear about developments in Britain. I also received numerous unsolicited invitations to meet with people and to visit training establishments. In some instances I was asked and agreed to do a seminar to a group of people during visits to interview selected individuals.

My approach to the interviews themselves was semi-structured and based principally on a research agenda which was developed from the central research questions and the early document search (Bryman, 1989, pp 131-151). A copy of this agenda is at Appendix 3. Where I already had a completed questionnaire, I was also able to extend or focus this broad interview agenda to amplify points of interest which had emerged or fill gaps in my understanding of the written responses.

The techniques which I used were fairly standard interviewing techniques involving using open ended questions to elicit the repondents perceptions of the issue, seeking examples of the sort of processes which they were describing in order to check the reliability of the explanations and to deepen my qualitative understanding of processes which had happened over time, using probing questions to elicit deeper explanations and using closed questions to check understanding or to steer the interview if it appeared to be drifting from the interview agenda (Banaka, 1971: Dexter, 1970: Nachmias & Nachmias, 1981).

In most cases, this semi-structured approach enabled me to elicit qualitative information without the coding implications becoming unmanageable. It also enabled me to limit most interviews to one and a half hours. Given that most interviews were conducted during the respondents working time and at their place of work, or mine, I was conscious that long interviews might act as a deterrent.

With few exceptions the interviews were tape recorded with the participants agreement. Where tape recording did not occur, this was usually due to practical limitations such as background noise or the layout of the room.

3.8 Data analysis

Analysis of the data proceeded in three distinct stages although these stages were sometimes happening simutaneously.

Firstly, the majority of the quantitative data obtained from the questionnaires was totalled using a statistical software package. The analysis of the links between nodes in the policy system was done manually, mainly because it was relatively simple to do and it enabled me to consider emerging patterns of interaction as the analysis proceeded. I sketched diagrams of the networks as I went along to stimulate my own critique of the implications of the structures which were being revealed.

Secondly, the tape recorded interviews were transcribed using a word processing package. A coding framework was drawn up based on the main management training initiatives, the theme of centralisation and the dimensions of efficiency and effectiveness which I discussed in section 3.2. Relevant pieces of text were then marked and sorted electronically and responses to the open-ended questions in the questionnaire were added to produce collections of quotations which provided a chronological perspective and a thematic perspective of developments in the two policy systems.

Finally, the outputs of these two stages of analysis were combined with the notes which I had taken during the document search. The process of pulling together the three sources of data proved to be the most major headache because of the quantity and complexity of the data. After several unsuccessful attempts at creating a coherent

account, I concluded that a thematic comparison, using the dimensions of efficiency and effectiveness which I had identified, within an overarching chronological framework was the most feasible way of exploring the central research questions whilst also providing the reader with an account of the development of policy issues and the structural and programme responses to those issues. The end result in chapter 4 is an exploration of the way in which the two policy systems developed over time and an account of the main initiatives which were implemented. Thereafter chapters 5 and 6 present an analysis of changes in the efficiency and changes in the effectiveness respectively of the two systems.

CHAPTER 3

NOTES

1. Examples of this approach include Blau et al, 1976 and Pugh et al, 1969

2. However, Aldrich (1979) argues that a network is an artificial construct which the researcher creates for the purpose of organisational analysis.

3. See also Moser & Kalton, 1971, p.317

4. An understanding of the the nature of scientific knowledge prefaces the use of quantitative research methods by some social scientists. For initial reading on this issue, see Beveridge (1950), Butterfield (1960), Lakatos and Musgrave eds, (1970), Irvine (1959), Kaplan, (1964) Kuhn (1970), Phillips (1987), Popper, (1959) Watson (1968), Whitehead (1925). A brief summary can also be found in Babbie (1973, pp.5-20). In practical terms, this tends to result in a concern for procedure (Nachmias & Nachmias, 1981: McNeill, 1985), systematic progress from theory formulation to research findings is also stressed (Bryman, 1988: Podsakoff & Dalton, 1987). The central argument which is advanced by phenomenologists (Luckerman, 1978: Rogers, 1983) and symbolic interactionists (Menzies, 1982) is that social life is created by subjective beliefs, intentions and desires (Marsh, 1982, p.51-52) and hence to a preference for qualitative research. Often this results in qualitative research methods which produce descriptive data in the form of people's own written or spoken words, non-verbal communication and other observable behaviours. In practice this often involves using interviews which are as unstructured as possible (Bryman, 1989).

5. See Loftus & Marburger (1983) for a discussion of bounded recall techniques.

6. In fact surveys have been used since Roman times. For a discussion on the history of the use of survey research see Marsh (1982, ch.2), Babbie (1973 ch.3).

CHAPTER 4

FORMAL STRUCTURES, NETWORKS AND PROGRAMMES IN VICTORIA AND SCOTLAND

4.1 Introduction and overview of chapter

As I discussed in chapter 3, the central questions which this thesis aims to address concern the relationships between the levels of political and administrative decentralisation for vocational training, the structural characteristics of the policy systems and the efficiency and effectiveness of those systems. The main purpose of this chapter is to explore the data concerning the environmental and structural characteristics associated with different levels of centralisation in the two research sites so that these characteristics can be viewed in relation to trends in efficiency and effectiveness which are discussed in chapters 5 and 6 respectively.

The chapter starts from a number of questions which form the central analytical themes.

Firstly, there was a need to question what the terms 'centralisation' and 'decentralisation' actually meant in the context of these two systems. As I discussed in section 3.2, these concepts can be measured in terms of empowering legislation, the formal arrangements which exist to divide work or the reality of the way in which access to resources and authority are transacted within the systems. What will emerge in the remainder of this chapter is that these indicators often have contradictory relationships.

One particular issue which emerged in the analysis is that whilst the focus of the study was on geographical decentralisation, organisational decentralisation was a highly salient issue in both research sites mainly because of the increasing use of sub-contract training organisations at local level. This introduced an additional complexity in terms of identifying cause and effect relationships between structural and behavioural variables. A major task in this chapter, therefore, has been to explore these two distinctly different types of decentralisation and to identify their distinctive characteristics in order to focus more clearly on the central research concerns about geographical decentralisation.

In practice this meant that the analysis has had to assimilate data about the political and administrative arrangements for the delivery of management training initiatives and the configuration of the institutions which were responsible for the relevant programmes. However, as I have argued in chapters 2 and 3, formal structures often do not mirror the real working relationships within an organisation nor do they reflect the inter-organisational nature of vocational training systems. A major objective of this chapter, therefore, is to describe these inter-organisational structures and to relate the changes in their configuration to movements in levels of political and administrative decentralisation. The following analysis draws heavily on the responses to the postal survey instrument which asked individuals to identify key contacts and the purpose of these contacts. This has enabled me to uncover the shape of the whole inter-organisational policy systems in Victoria and in Scotland and to distinguish between, for example, the policy making networks, the resourcing networks and the service provision networks.

Secondly, the analysis which follows tries to do two things. It attempts to track changes in the policy systems over time in order to identify changing patterns of relationships between variables, and it examines data about the networks overall (i.e. as though they were static entities) in order to tease out the characteristics which were inherently and lastingly different.

The reader will recall that there were similar issues in both research sites in terms of pressures to modernise the vocational training systems and the priority which was attached to the development of management training initiatives. However, at first sight, the responses in the two sites seemed contrary. In Victoria federal influence over vocational training was apparently increasing with Canberra assuming a prominent role in the training reform agenda. Scotland, on the other hand, seemed to be moving progressively towards greater devolution and autonomy within the GB framework in that 1988 saw the announcement of proposals to establish a separate Scottish body with responsibility for vocational training. The prospect of comparing the changes which took place over a period of time was, therefore, attractive from an analytical perspective because potentially it created more opportunities to observe patterns of relationships between different levels of variables than the observation of two static systems would have done.

However, the empirical data did not support the idea that the two systems were moving exactly in opposite directions. As I shall argue in this chapter, there was a

sense in which both systems were becoming more centralised, yet in other ways they were becoming more decentralised. This suggested that analysis of change over time would not quite perform the function which I had originally intended. Regardless of changes which took place over time, it quickly became clear that the Victorian system remained fundamentally more decentralised than the Scottish system from the perspective of the level of autonomy of the sub-national level of government. This suggested that an analysis of the key structural characteristics and behaviours which differentiated the two systems would provide some useful insights. This is a theme which I return to in chapters 5, 6 and 7.

Finally, there was a need to present the reader with a contextual back-drop to the analysis and to deal with the inherent compexity of the data which I had gathered. In practice this meant providing a lucid chronological account of the main relevant developments in the two research sites over a period of seven years in both cases.

The chapter, therefore, is structured as follows.

Firstly sections 4.2 and 4.3 deal with the formal structural arrangements for the delivery of management training programmes in the two research sites and the way in which these changed over time. Section 4.2 outlines the administrative arrangements for the delivery of government sponsored vocational training programmes in Victoria during this period of change and questions the apparent process of structural centralisation, and section 4.3 performs a similar function in relation to Scotland between 1981 and 1988.

Section 4.4 moves the analysis from the formal structures to the inter-organisational policy systems and attempts to draw out the overall similarities and differences in terms of their membership and the characteristics of their structures. However, for the reasons which I have discussed above, the analysis in this section does not take account of change over time.

Sections 4.5 to 4.9 incorporate a chronological perspective. As I shall discuss, there were major changes in both sites in terms of the management training initiatives which were implemented and there were corresponding changes in delivery mechanisms. In Victoria there were two main phases of development and in Scotland there were three. Sections 4.5 to 4.9, therefore, trace the changes which took place in programme delivery and seek to identify the shifts which took place in the communication and

decision making structures of the two implementation systems, particularly in relation to the geographical distribution of power. Victoria is dealt with in sections 4.5 and 4.6 and Scotland is discussed in sections 4.7 to 4.9.

Finally in section 4.10, I draw out some of the preliminary conclusions which have emerged in the foregoing analysis about the trends which were apparent in the Victorian and Scottish networks.

The analysis in the remainder of this chapter makes frequent reference to diagrammatic illustrations of formal structural arrangements and the structure of the policy networks. Subsequent chapters also refer to these diagrams and they have, therefore, been filed in the back cover of this thesis so that they can be removed for reference purposes. The diagrams which relate to Victoria are filed together as diagrams 1V to 15V and those relating to Scotland are filed as diagrams 1S to 15S.

Other narrative information on network membership and tables relating to patterns of activity within the networks which are referred to less frequently have been filed in the main series of Appendices.

Appendices 4 & 5 provide an analysis in tabular form of the chronology of the main management training initiatives which were implemented in Victoria and Scotland respectively. This is followed by short narrative summaries of the main initiatives in the two sites which are at Appendices 6 and 7 respectively.

Appendices 8 and 9 have been compiled from responses to the questionnaire which asked respondents to identify their key contacts and the purposes of those contacts (see section 3.2) in respect of the work which they did on a particular initiative. The data in respect of Victoria is presented in tabular form in Appendix 8 whilst the Scottish data is similarly presented in Appendix 9. Both tables also include a summary of network density i.e. the percentage of all possible linkages between nodes which were reported (Thompson in The Open University, Unit 14). As I explained earlier in this section, chronologically there were two main phases of development in Victoria and in Scotland there were three. Given that respondents completed the question about key contacts based on their involvement in a particular initiative, it was possible to analyse the data which is presented in appendices 8 and 9 according to the main chronological phase in which the initiative occurred. This data is tabulated at Appendix 10, but data

from phase two of developments in Scotland has been excluded because of the low number of responses from that period.

The data on links between nodes in the networks was used to draw diagrams 6V to 15V and diagrams 6S to 15S which I discussed earlier in this section. For the purposes of drawing these illustrations of the networks, I ignored very low level linkages which occured as less than 1% of all total linkages. Linkages which occurred with more than 1% but less than 5% frequency are represented by a broken line, whilst those which occurred with 5% frequency or more are represented by a solid line.

4.2 The Kirby reforms

In chapter 1 I briefly outlined the development of Australian federalism and discussed some of its complexities. I also pointed out that, as far as vocational training was concerned, the Commonwealth government had no constitutional power (Murphy, 1991, p.33) within the states.

In Victoria the Industrial Training Act (1975), the Employment and Training Act (1981) and the Vocational Education and Training Act (1990) provided the Victorian government with a wide range of powers in relation to vocational training including policy development, the operation of provider systems and accreditation. Until 1988 legislative backing for the Commonwealth government's activities was limited to the Commonwealth Employment Service Act (1978) which enabled the Commonwealth Employment Service (CES) to operate throughout Australia and to promote and implement approved labour market programmes (Commonwealth of Australia, 1985a, p.77) including those with a training component. However, prior to 1987 the programmes operated by the CES were principally of an employment or wage subsidy nature. Legislation also empowered the Commonwealth government to administer a variety of grants which funded training activities carried out by the states. However, the Employment and Training Act (1988) did confer a role on the Commonwealth government in the area of developing the infrastructure required to underpin a competence based vocational training system and reflected agreement with the states to develop competence based state vocational training systems (Murphy, 1991, p.5).

However, the Commonwealth's general responsibility for national economic management is broadly accepted by all major political viewpoints (Head in Galligan

ed, 1989). As I argued in chapter 1, the focus on active manpower policies inevitably intensified the Commonwealth government's interest in issues affecting labour supply. The development of strategic management skills and the expansion of the small business sector had a high profile in the context of the restructuring of the Australian economy. Given the close relationship of the Victorian economy, particularly the manufacturing sector, to the Australian economy, the Victorian government was equally interested.

In Victoria, the result was a two tier system of agencies concerned with vocational training. The main responsibility for management and small business training was formally located within government agencies with more general responsibility for vocational training which, as I will discuss in the next section, was also the case in Britain. Educational and business development agencies played an advisory or collaborative role but generally had no formal responsibility for vocational training.

Diagram 1V shows the formal administrative arrangements for Australia and Victoria in 1985 when the formative Kirby Report (Commonwealth of Australia, 1985a) was published. The intermeshing of Commonwealth and Victorian government departments and advisory bodies was highly complex. However, there were a number of key features.

Firstly, there were four major agencies directly involved in the operation of the system.

At Commonwealth level , the Department of Employment and Industrial Relations (DEIR) had responsibility for labour market programmes including labour market analysis, policy development, implementation of national employment and training policies and programmes, and the operation of the Commonwealth Employment Service. Responsibility for the Technical and Further Education (TAFE) system, the major provider of Commonwealth and Victorian state funded training programmes throughout the study period, lay within a group of agencies responsible to the Minister for Education and Youth Affairs. However, it is important to recognise that this role was purely an advisory and grant administration one and that effective ownership of the TAFE system lay with the respective state governments.

In Victoria, the Department of Labour was responsible for the operation of labour market programmes (1) whilst responsibility for training lay with the Department of

Education and Training which also controlled the TAFE system. In practice this meant that there was administrative separation between the funding source for labour market training programmes and the principal provider of such training.

Secondly, the predominantly advisory nature of the links between Commonwealth and Victorian state agencies is evident. Both the Commonwealth Employment Service and the Department of Employment and Industrial Relations did have Victorian state administrative structures. However, it is worth remembering that a major part of the role of the Commonwealth agencies lay in forming and disseminating policy and in administering state grants' legislation, and that these structures operated in Victoria only by agreement with the State Premier.

The overall picture is of a complex set of inter-organisational linkages consisting of advisory relationships and purchase and supply transactions.

It was precisely this complexity which the Kirby Report (op.cit,p.77) attacked describing it as "a complicated and fractured structure". The report also focused on the fact that in practice, the employment/training and industrial relations functions had remained very much separate from each other. However, many of the reports recommendations concerned the need to shift the emphasis from wage subsidy and job creation to skills development, and to create a more integrated approach to employment, training and education to maximise the long-term potential of individuals in response to future changes in the labour market. It proposed a rationalisation of existing structures, the integration of the array of labour market programmes into an overall national strategy and, at the same time, the development of responsive local structures to enable better targetting of measures and greater devolution of decision making (ibid, p10-11).

In fact Victoria embarked on restructuring before the Commonwealth government. In 1986 the Department of Labour was formed incorporating the functions of the old Department of Employment and Industrial Affairs and the Bureau of Youth Affairs (Victorian Department of Labour, 1986) to provide a more integrated administrative apparatus in relation to employment initiatives and training for adults and young people alike.

However, it was 1987, following the return of a labour government, before the recommendations of the Kirby Report were implemented at federal level. This

involved a major restructuring of the Commonwealth apparatus in which DEIR lost the responsibility for industrial relations but gained responsibility for education to become the Department of Employment, Education and Training (DEET). This move coincided with a rationalisation of labour market programmes which moved the emphasis away from wage subsidy and employment creation to training and education as a means of escaping from unemployment, and a shift from traditional industrial training methods to competence based training systems.

In 1988 the Victorian state government partially followed the Commonwealth lead by transferring the responsibility for training from the Department of Labour to the Office of the State Training Board (OSTB) which was established within a new Department of Education and Training.

There was also a series of re-organisations of advisory bodies which took place incrementally over a period of about three years. Broadly speaking these changes were directed at encouraging the development of the national training agenda and supporting the new administrative structures.

For the sake of brevity Diagram 2V shows the cumulative effects of the major re-structurings at Commonwealth and Victorian state level and the more minor changes which occurred up to 1991. Diagrams 3V, 4V and 5V show the internal structures of the national Commonwealth Department of Employment, Education and Training, the Victorian State Office of the Commonwealth Department of Employment, Education and Training and the Victorian Office of the State Training Board respectively.

Comparison between Diagrams 1V and 2V does not immediately suggest a marked trend towards hierarchical integration within the whole policy system. The structure is still characterised by the absence of clear operational links between the Commonwealth and the Victorian state agencies, and lateral liaison links still dominate. Diagrams 3V, 4V and 5V also indicate clear areas of duplication between federal and state agencies. However, overall the structure illustrated in Diagram 2V is more compact and less fragmented than the 1985 structure and there is more of a tendency towards unity of command and vertical accountability within both the Victorian state structure and that of the Commonwealth Department of Employment, Education and Training.

One marked addition to Diagram 2V is private training providers. Senior officials at the Commonwealth Department of Employment, Education and Training favoured

increased use of private training providers at the expense of TAFE for complex reasons which I will discuss later in this chapter.

It is also significant that the Victorian government 'chose' to mirror the structures of the Commonwealth government by integrating the employment and training functions, and that in early 1992 the Premier of Victoria announced her intention to form a Department of Employment, Education and Training although this had not taken place by the time the field visit ended in April 1992.

4.3 The rise and fall of the Manpower Services Commission

The MSC was established in 1974 with the full support of the Confederation of British Industry and the Trade Union Congress to take over the Department of Employment's employment and training services and the government's special employment creation programmes (Brown & Fairley eds, 1989: Benn & Fairley eds, 1986: Ainley & Corney, 1990). Although the executive arms of the organisation were staffed by civil servants from the Department of Employment, the Commission itself was a tri-partite body composed of representatives of employers, trade unions and the education sector, responsible to the Secretary of State for Employment but with a large degree of independence. However, as I discussed in chapter 1, the Commission was disbanded in 1988 amid criticisms that it was too centralised to address the labour market needs of different regions and against the background of government rejection of tri-partitism.

The announcement of plans to establish a new Scottish level body with responsibility for vocational training came in the wake of particularly strong criticisms of the MSC's role in Scotland and amid much speculation that some form of devolution in the area of vocational training was imminent (Speirs in Brown & Fairley eds, 1989: Kaufman in Benn & Fairley eds, 1986). Certainly many of those working in what by 1988 had become the Training Agency believed that these plans had been under consideration for some time and were little surprised that the proposals put forward by Bill Hughes in the summer of that year had found favour with the Conservative government.

This section is, therefore, principally concerned with establishing whether there is any evidence that the structural ground was already being laid for the establishment of what eventually emerged as Scottish Enterprise. For instance is there any evidence that there

was progressive decentralisation during the 1980s? How did any structural changes which took place relate to the constitutional arrangements for the delivery of vocational training? Is there evidence of the consolidation of Scottish level interests, particularly the Scottish Office and the Scottish tier of the MSC?

In terms of legislation, the MSC operated its adult training programmes within the framework of GB legislation in the shape of the Employment and Training Acts of 1973 and 1981 and the Employment Act of 1988. It operated as a GB national agency from offices in London and subsequently Sheffield, with Scotland integrated into its regional structure, until its successor, the Training Agency, was disbanded in 1991 by the Scottish Enterprise and New Towns Act (1990).

However, a limited amount of administrative decentralisation did take place in October 1977, largely as a result of increased pressure for political devolution in the early 1970s (Fairley in Brown & Fairley eds, 1989). Although the MSC continued to be sponsored by the Department of Employment and its employees were officially part of the DE group of the civil service, these developments did give the Secretary of State for Scotland a role to play in guiding the MSC's activities in Scotland. According to Keating and Midwinter (1983, p.44):

> "His existing responsibility for the Scottish economy, the calls for 'economic' devolution in the 1970's and the decision, following the proposed establishment of a Scottish Assembly, to give the Secretary of State an enhanced economic role, led to his formal involvement in manpower policy."

In practice this led in October 1977 (Fairley, in Brown & Fairley eds, 1989 p.35) to the establishment of a Manpower Services Commission Committee for Scotland, and in May 1979 a Scottish Office Minister was appointed to cover both education and industry. One advantage of this was that it led to the production of a more comprehensive set of records about the MSC's activities in Scotland, including the production of an annual Plan for Scotland.

However, there were no legislative changes during the 1980s which gave Scotland more autonomy over her own vocational training affairs until the Scottish Enterprise and New Towns Act (1990). Interestingly, even this new legislation limited the

authority of the Scottish Office over the operation of Department of Employment budgets for training in Scotland although fuller devolution did occur in 1994.

The administrative apparatus which was responsible for delivering adult training programmes in Scotland is charted at Diagram 1S which shows the position at 1 April 1981, just shortly before the publication of A New Training Initiative: An Agenda for Action (Manpower Services Commission, 1981c). The most significant aspect of this diagram is that it shows the clear regional line management structure of the Training Services Division (TSD), one of the executive arms of the MSC, cutting across elements of MSC policy making in Scotland.

The formalised consultation arrangements enabled close collaboration between politicians, officials and advisory bodies on the production of the MSC Corporate Plan and the Plan for Scotland enabling a Scottish perspective to be developed in relation to MSC activities in Scotland. However, this Scottish dimension was " tightly constrained" (Keating and Midwinter, 1983, p.44) by the line structure of TSD which shows clear operational accountability all the way from the five Scottish District Offices which administered the programmes and contracted with external providers and the eight Scottish Skillcentres, which continued to provide a substantial proportion of MSC funded vocational training. This hierarchy of operational responsibility by-passes the MSC Director for Scotland who was the senior MSC official in Scotland and the senior representative of the Department of Employment in Scotland as indicated by the clear line of accountability through the MSC Director to the Secretary of State for Employment.

A number of significant changes took place in the way in which the MSC in Scotland was structured following the introduction of the New Training Initiative up until its abolition. These are charted at Diagrams 2S to 5S.

Firstly, as a result of MSC wide re-organisations, the Training Services Division disappeared and was replaced first by Training Division (Diagram 2S) in 1983 and subsequently by Vocational Education and Training Group (Diagram 3S) in 1987. There was also a strengthening of the local field network from five District Offices to eight Area Offices over the period.

More significantly, control of the Skillcentre network was initially removed from the operational wing of the MSC with responsibility for training. Initially the Skillcentre

Training Agency was established as a separate operating division of the MSC (Diagram 2S) but was required to achieve full cost recovery within three years. In practice this meant that Area Offices were required to negotiate a price and pay the Skillcentre for training in much the same way as they would any other external provider. This proved to be a prelude to privatisation. In 1988 the Skillcentre Training Agency became a private sector company entitled Astra Training Services. In essence, this placed all of the delivery of MSC funded adult training programmes in the hands of external providers operating under contract to the organisation.

As far as operational control of adult training programmes in Scotland was concerned, the picture was by no means straightforward. The meshing of Scottish and GB interests outlined in Diagram 1S is modified in Diagrams 2S and 3S which show a strengthening of the MSC Director for Scotland's direct operational responsibility for adult training programmes in Scotland and a weakening of the operational link between the MSC Director and the Director for Scotland. However, the clear hierarchy of responsibility from Area Offices through MSC Headquarters to the Secretary of State for Employment remained intact.

In 1988 there was a radical shake-up of the MSC's organisation. Growing tensions over more punitive measures aimed at the long term unemployed, including the introduction of the New Job Training Scheme (NJTS), saw services removed from the Commission and returned to the direct line management control of the Department of Employment. What remained of the Manpower Services Commission was renamed the Training Commission (Ainley & Corney, 1990, pp113-118).

One of the effects of the re-organisation was that the senior official in the Employment Service became the nominated representative of the Department of Employment in Scotland. The role of the Director for Scotland assumed a clearer line management position in the Training Commission hierarchy (Diagram 4S), although he did still liaise with the Committee for Scotland on the activities of the Training Commission in Scotland.

However, as I discussed in chapter 1, the newly formed Training Commission was to be shortlived. In the summer of 1988 the Commission was abolished by the government after a major confrontation on adult training policy. The immediate effect was that the operational elements of the Training Commission were re-grouped as the Training Agency which retained responsibility for vocational training but came under

the direct control of the Department of Employment ,and the Committee for Scotland, like the Commission itself, disappeared. (Diagram 5S).

Overall then the period from 1981 to 1988 did not see any legislative progress towards Scottish devolution in this area. Indeed the loss of MSC/TC Committee for Scotland represented a weakening of the formal arrangements for incorporating Scottish interests in the operation of vocational training programmes.

Structurally the period saw no flattening of the organisational structure with the levels between District/Area Offices and the Secretary of State for Employment remaining at six throughout. Moreover, the reduction in lateral liaison relationships apparently in favour of formal vertical links means that the Training Agency of 1988 conforms much more closely to the classic model of a centralised bureaucracy than did the Scottish MSC in 1981 with its intricate meshing of Scottish and UK operational elements. The movement in the formal structural arrangements over the period does not support the idea of a general loosening of organisational control from the centre.

4.4 The Victorian and Scottish policy networks

As I discussed in section 4.1, the analysis of the formal organisational structures takes us only so far in terms of understanding the two policy systems and, in particular, does not take any account of their inter-organisational nature.

In both Scotland and Victoria the networks which were actually involved in making and implementing policy on management training consisted of individuals and whole organisational units located within the the formal administrative structures and a range of individuals and organisations which do not appear on any formal organisational charts.

This section attempts to uncover the structure of the two systems by looking at network membership and at the links between network members. As I discussed in sections 2.6, some theory suggests that structural diversity is important in relation to the strength of sub-national decision making, and in Victoria the issue of co-ordination of various members of the network was also seen as crucial (see section 4.2). Questions about the range of members and about the nature of linkages are, therefore, relevant. In particular, I wondered whether these were the complex inter-organisational

systems which existing theory suggested are necessary to support sub-national decision making and how they compared with existing typologies of sub-national networks.

The network members were traced through the mailed questionnaire and during the course of interviews where respondents were asked to identify key contacts. Practical limitations prevented all of the individual contacts being followed up, although I did include a representative sample in the postal survey and interview exercises.

One of the key conclusions which emerged from this part of the fieldwork was that , with the exception of the local level, overall there was a much greater number of organisations involved in the Victorian network, although it is probably more accurate to classify it as more inter-governmental rather than more inter-organisational than its Scottish equivalent. However, both networks consisted of three main categories although there were important differences in the range of organisations involved at national, sub-national and local level. These similarities and differences have been summarised below as a broad introduction to the more detailed analysis of the two networks which follows in sections 4.5 to 4.9.

The first category consisted of a significant core of employees of the main implementing agencies i.e. the Commonwealth Department of Employment, Education and Training (DEET) and the Victorian Office of the State Training Board (OSTB) in Victoria and the Manpower Services Commission in Scotland. In the Victorian network there were a number of other public sector agencies directly involved in a joint funding or specialised capacity. Prominent partner organisations included the Commonwealth Department of Industry, Trade and Commerce (DITAC), the Commonwealth Aboriginal and Torres Strait Islanders Commission (ATSIC), the Victorian Department of Labour and the Victorian Small Business Development Commission. In Scotland the range of other agencies involved in this kind of joint administrative capacity was limited to the Scottish Office Education Department (2). In practice this meant that there was greater diversity at national and sub-national level in Victoria than in Scotland in terms of agencies engaged in a joint administrative capacity.

The second category consisted of providers of training services. In both sites there was a trend towards contracting out the delivery of training to organisations in the public, private and voluntary sectors. In the case of the Victorian network, these

members could simultaneously be officials of the Victorian state government because of the dominant role of the TAFE system in the delivery of government funded training programmes. Outside of the TAFE sector the non-profit sector dominated the provider network with the private sector much less in evidence than in the Scottish network. In Scotland, prior to the privatisation of the Skillcentre network in 1988, some providers of training were also MSC officials. However, unlike the first category of network members, the Scottish system had members from a much wider range of organisations reflecting the more extensive use of contracting out arrangements and a more diverse network of provider organisations.

Finally, there was a group of members who performed a liaison or advisory role. These consisted of individuals or organisations who had no direct responsibility for programme management or delivery. In the Scottish network, some advisers in other government departments were identified at national level. These were usually very senior officials or ministers in adjacent policy areas such as the Department of Trade and Industry and the Department for Education in addition to management development advisers in university business schools. At Scottish level, some network members within the Scottish Office were also evident. However, once again, the Victorian network featured a wider range of organisations than the Scottish equivalent. At national level I traced twenty other public sector advisory bodies and twelve at Victorian state level.

However, it was principally the interaction between these groups of people which interested me. As I discussed in section 4.1, key contacts which were reported in the two networks have been tabulated in Appendices 8 to 10 which show both the frequency with which each network node was cited as a key contact and the density of the relevant networks. These reported links have been illustrated graphically at Diagrams 6V to 15V (Victoria) and 6S to 15S (Scotland).

What follows is an analysis of the main characteristics of the networks of key contacts which the data revealed.

Appendices 8 and 9 show the Scottish network as being more dense at 73% than its Victorian counterpart which has an overall density of approximately 54%. However, there are some important similarities and differences in the amount of activity at the three levels of the policy systems i.e. level one being national level, level two being

sub-national level and level three being local level. These comparisons are illustrated in Diagrams 6V and 6S.

What is visually apparent about level one of the Scottish network (Diagram 6S) is the hub of inter-organisational activity around the national headquarters of the MSC. This extends to contacts at Scottish and local level and across all sectors. This is in marked contrast to level one of the Victorian network (Diagram 6V) in which the national headquarters of DEET is active only in relation to other public departments at national level, although it too shows some direct links to private and non-profit organisations at local level. Both national headquarters show some tendency to bypass their own sub-national organisational units directly into their respective field offices although this is a more marked trend in the Scottish network.

In the Scottish network there is a marked absence of inter-organisational activity at the second level with the only significant contacts being between MSC's Office for Scotland and other public agencies. Most respondents who were interviewed described these as routine reporting arrangements with the Scottish Office. The second level of the Victorian network is very busy in appearance. The DEET Victorian office is, however, relatively inactive at this level although, unlike its Scottish equivalent, it does have a network of contacts into most sectors at local level. Diagram 6V also suggests that it is connected into a more vibrant cross-sectoral network of state level interest groups through the Victorian state agency which is the focus of the inter-organisational activity.

Both networks are characterised by fairly comprehensive links across sectors at the third/local level. This suggests either the existence of the strong local networks for manpower planning described by Hanf et al (in Hanf & Scharpf eds, 1978) or the existence of a local training market consisting of purchasers and providers. I shall return to this issue later in this chapter.

The analysis of the frequency with which key contacts were reported at Appendices 8 and 9 confirms the earlier suggestion that MSC officials at local and national level were perceived by respondents as more important than those at Scottish level. The network does, however, seem dominated by MSC officials who appear as key contacts in more than 58% of reported linkages. The Victorian network is less dominated by Commonwealth government officials who were reported as key contacts in less than 39% of all linkages. However, officials of the Victorian state government were also

reported in just under 22% of all cases bringing the participation of government officials in the two main implementing agencies to levels similar to the Scottish network.

Surprisingly, given the more extensive use of contracting out in Scotland, private sector participation in the Victorian network is slightly higher at 10.7% of all contacts than that reported in the Scottish network of 9.8%.

Appendices 7V to 13V and 7S to 13S illustrate the patterns of interaction across a range of different functions ranging from policy making to monitoring in the Victorian and Scottish networks respectively. This reveals a number of significant features.

Firstly, MSC's national headquarters is consistently prominent across all activities in terms of its direct links to the Scottish area offices and, with the exception of resourcing (Diagram 10S), in its inter-organisational links at Scottish level. With the exception of the monitoring and evaluation function (Diagram 13S), Office for Scotland plays an insignificant role cross-sectorally at Scottish level other than its consistent links into other public sector organisations. This suggests that MSC headquarters was playing a much more prominent role than Office for Scotland not just at national level but also in relation to Scottish interest groups.

DEET Canberra also plays an active role inter-organisationally but only in relation to policy formation (Diagram 6V). Unlike its Scottish counterpart, this activity is mainly conducted at national level and the main links into Victorian interest groups is through its own Victorian state office and the Victorian state government agencies.

Secondly, there are low levels of activity around the Scottish level of the MSC at all stages of the process. Overall, its contacts with organisations outside of the MSC at Scottish level are limited to other public sector organisations. Levels of inter-organisational activity do rise in relation to designing and developing initiatives (Diagram 8S), resourcing (Diagram 10S), selecting service providers (Diagram 11S) and monitoring (Diagram 13S). All of this suggests an operational rather than a strategic role on the Scottish policy stage.

At Victorian state level, the Office of the State Training Board is prominent in policy making, resourcing and selecting service providers although the Victorian state office of DEET is relatively insular across all activities at Victorian level suggesting that the

most influential player at Victorian state level in a strategic and an operational sense is the Victorian state government.

Overall then the Scottish network is much denser and less inter-organisational than its Victorian counterpart. It lacks the focus of territorial interests which is evident in the Victorian network and instead is dominated by the major functional interest of the MSC. It is characterised by a higher degree of vertical integration than the Victorian network which has a wider range of membership but which is less integrated.

Viewed from this perspective, the Scottish policy system is a somewhat closed policy community by contrast with the more open issue community (Rhodes in Thompson et al eds, 1991) suggested by the Victorian data. Significantly, the Victorian network also comes closer to the series of interlocking networks at national and sub-national level which Keating & Midwinter (eds, 1983) suggest characterise some areas of the Scottish policy scene. This is a theme which I will return to in chapters 5, 6 and 7.

A key question, however, is how these two networks changed over time, particularly during the course of the respective periods of study. Two main issues are of concern here. Firstly, it is important to establish whether the balance of influence between national, sub-national and local players in the networks shifted. Secondly, any changes in the overall composition of the networks are of interest, particularly increases or decreases in levels of inter-organisational activity.

The following five sections, therefore, track two main phases of programme development in the Victorian network and three main phases in respect of the Scottish network to establish the main structural changes which occurred. This was achieved by analysing the networks of reported key contacts according to the initiative which respondents said they had been most involved with.

4.5 A policy maze?

In chapter 1 I discussed the recommendations made in what came to be known as the Kirby Report and how the Commonwealth government subsequently appeared to be taking the lead in the reform of Australia's vocational training system. This section discusses the main developments in management and small business training following

the publication of the Kirby Report but prior to the major restructuring of adult training programmes.

Diagram 14V summarises the network of key contacts reported by respondents who identified themselves as having had most involvement with one of the post-reform initiatives. Its very busy appearance does not instantly support the idea that very little happened until after 1987, and it is worth looking at some of the key characteristics of this network in relation to the network for the whole period which was discussed in section 4.4.

Firstly, the pre-reform network is marginally denser at 57% than the overall network at 53.8%, but with the exception of the link between the Commonwealth government and its Victorian state office, these links were reported with low frequency suggesting an open network of informal links. The degree of horizontal integration is also interesting. At Victorian state level, the network of contacts beween 1985 and 1987 is denser than its overall counterpart. In addition, both the Victorian office of the Commonwealth department and the Victorian state government are more active in relation to contacts at local level, and levels of inter-organisational activity at local level are higher in the earlier network.

Interviewees offered three main explanations for this configuration.

Firstly, the activity at local level reflects the key role which TAFE colleges played as course designers and service deliverers across all sectors of the community. As I discussed in chapter 1, the TAFE system dominated the provision of training for adults and this was as true of non-advanced management training as it was for any other area of vocational training. Indeed as one senior official in the Victorian state government told me:

> " Prior to 1985 the TAFE sector was in control of virtually every aspect of small business and management training outside of the university sector. This included the provision of training for intending entrepreneurs whether unemployed or employed, customised fees for service training for companies of all sizes and small business management training for craft apprentices.....there was some training available from consultants in the private sector, but all of the major reviews during the 70s and early 80s agreed that the supply was insufficient to compete meaningfully with the TAFE sector and there were also concerns about quality.....the main barrier to private sector competition was that TAFE had a monopoly on the accreditation arrangements. Naturally, we did not co-operate over access to

accreditation, so private consultants could only offer uncertificated training."

(Interviewee 28V)

The Commonwealth government did have some input in that it could purchase entire courses or individual places on TAFE provided courses. As far as small business training was concerned, the Kirby Report does acknowledge that hitherto there had been very little involvement by the Commonwealth government although the issue of management training in general is conspicuous by its absence. Undoubtedly this is closely related to the fact that until Kirby, Commonwealth support for the adult unemployed mainly took the form of wage subsidies. Indeed one of the main themes of the Kirby Report was the need to move away from wage subsidy measures to adult retraining.

Secondly, the relative weakness of links and the absence of any strategic focal point at local, state or national level reflects a lack of co-ordination between national, state and local institutions and the business community (Meredith, 1984, p.19). Thus:

" The Victorian government did establish the Small Business Development Corporation in 1976 in recognition of the importance of developing a viable small business sector.....in theory SBDC had a role in promoting high quality training provision.....I was never quite clear how this squared with the Department of Education and Training's role since it controlled the TAFE system which delivered all the training."

(Interviewee 1V)

Similarly:

" In theory each TAFE college was supposed to guage the needs of its own locality.....by and large management training was dominated by the traditional disciplines - essentially the economists and the accountants dictated what went into our courses."

(Interviewee 4V)

And:

" There was a plethora of agencies which were supposed to direct policy and strategy. There were a range of Victorian state agencies, some of them with a training responsibility, some of them with a business development responsibility, some of them with a responsibility for helping redundant executives.....then there

> were the various Federal agencies with equally disparate concerns.....The bottom line was that TAFE colleges were fairly autonomous in terms of what they delivered.....they made judgements based on local circumstances.....In Britain, I guess you would have called this a market, but we hadn't gotten around to talking or thinking about the world in that way."
>
> (Interviewee 23V)

Thirdly, the dispersed but relatively weak links particularly at local level characterise the low impact which TAFE had made in this area of training. If the TAFE system dominated the provision of management training, this was not because there was widespread agreement about its quality. The scale, relevance and appropriateness of much of this training had been criticised from a variety of sources even before the Kirby committee findings were published (Bailey & Royston,1980: Commonwealth of Australia, 1982: Meredith, 1984).

In general, critics pointed to incongruence between the training needs of small businesses and those which the training providers identified. This criticism was aimed at the traditional academic, class-room style of delivery which was characteristic of much TAFE provision, the inability of the TAFE system to deliver learning at times when business demands were less onerous e.g. on weekday evenings, and the content which derived from the traditional academic disciplines and which, critics argued, was of little relevance particularly to small businesses.

It is also worth noting that in 1985 only three TAFE colleges in Victoria had appropriate accreditation arrangements in place, reflecting the supply side problems which the critics had identified.

What Kirby did, however, was to flag up the interest of the Commonwealth government in playing a more influential role in vocational training in general and small business management training in particular. For reasons which I will explore later, small business management training was to become a significant vehicle for the extension of the federal role in this area.

The period following 1985, therefore, became characterised by tentative developments by the Victorian and the Commonwealth governments. One senior Commonwealth official described the period as follows:

" Our agenda was to force the TAFE system to modernise by increasing competition from non-TAFE training providers.....accreditation was the major stumbling block.....any area in which accreditation was not essential, like enterprise training, was attractive because we could experiment outside the TAFE system.....the potential for confrontation with the state governments was great and had to be managed very carefully.....we could sell our involvement politically to the states because of the general recognition of the economic importance of developing a sound small business sector.....we began piloting models which we hoped would not provoke too much confrontation, but which also had the potential to be more generally applied at a later stage."

(Interviewee 29V)

An official of the Victorian government offered this perspective:

" Broadly speaking, the Victorian government was supportive of the training reform agenda.....we accepted that labour market mobility was essential in the restructuring of the Victorian economy and a cohesive, national training system was a prerequisite for that.....there was an issue about who would take the lead on small business training.....I guess for a while we were both exploring the ground with a number of initiatives until we came to a clear agreement about the boundaries around our respective roles."

(Interviewee 45V)

One significant initiative was the New Enterprise Incentive Scheme (NEIS), a joint federal/state funded programme directed at training the unemployed for self employment. Interestingly, although 'ownership' of this programme lay principally with the federal authorities, the inital impetus came from the states of Queensland and South Australia:

" Prior to NEIS some states had self-employment programmes. However, these were basically just grants with very little training of any sort. The other problem was that they effectively excluded participants from receiving income support. Both South Australia and Queensland raised this as a matter of concern and they put pressure on the Commonwealth government."

(Interviewee 16V)

The result was the small scale, national NEIS programme which began in 1985 providing Victoria with 100 of the 400 places which were available nationally. The programme was highly centralised with the Commonwealth Department of Labour

funding training and income support and approving all applications centrally, and the Victorian state government providing start-up grants. Victoria, however, insisted that all the training should be delivered by TAFE Colleges so retaining ultimate control over content and delivery.

In some senses NEIS broke the mould of Victorian state domination over vocational training programmes. However, NEIS only operated in Victoria with the agreement of the Victorian state government and its ultimate authority should not be underestimated.

The Victorian government also extended its influence in the area of small business management training. Working in conjunction with the Small Business Development Corporation it prompted a number of Industry Training Boards to develop industry specific short courses which were accessible in terms of cost and flexible in terms of the delivery models, and extended accreditation to all TAFE colleges (State Training Board of Victoria, 1990, pp 7-10).

The overall result is that the policy system between 1985 and 1987 conforms much more clearly to the concept of an inter-organisational network than it did following the 1987 reforms, as I shall discuss in the following section. However, in 1985 an Organisation for Economic Cooperation and Development Study called the Australian education and training system "dangerously obsolete" (cited in Victorian Council for Social Service, 1986) and it was this complex network of interest groups which an influential Victorian agency saw as being a major administrative impediment to the implementation of the reforms which were necessary, referring to it as a "policy maze" (Victorian Council for Social Service, 1986).

However, the major reforms which followed were to raise the issue of co-ordination of the vocational training system much higher on the agenda, as I shall discuss in the following section.

4.6 Community based strategies - the Trojan horse?

The Commonwealth Department of Employment, Education and Training was established in 1987 and began the job of implementing the reform of the training system which the Kirby Committee had recommended.

The main management and small business training initiatives which were implemented in Victoria from 1987 onwards are charted at Appendix 4. At first sight this suggests that intervention by the Commonwealth government increased significantly from a very low level, and one could be forgiven for assuming that this was done at the expense of Victorian state government influence in the area. However, as with other aspects of Australian federalism (Galligan in Galligan ed, 1989, ch1) the changes which took place are less of a zero sum game than this. In fact both the Commonwealth government and the Victorian state government progressively extended their activities in the area, involving complex shifts of power.

Diagram 15V illustrates the network of contacts which were reported by respondents who had most involvement with the management training initiatives which followed the post-Kirby reforms. This diagram visually highlights a marked reduction of inter-organisational activity across the system as a whole, but the rationalisation at state and local level is very marked. The Office of the State Training Board, however, continues to be the most prominent agency in relation to the network at Victorian level and in terms of connection into the networks of local interest groups. Even more significantly, for reasons which I shall discuss shortly, there is an obvious strengthening of links from all levels into the non-profit sector at local level.

These changes in the management training policy network are highly significant in relation to general shifts of responsibility and influence in the vocational training policy area. Indeed a unique configuration of issues was conspiring to place business training at the forefront of controversies about the respective roles of the Commonwealth and state governments.

Chronologically speaking, it was the state government in Victoria which took the lead on small business management training with the publication of the policy statement Victoria: Big Opportunities for Small Business (Victorian Government, 1987b). This placed emphasis on promoting the international competitiveness of the Victorian economy. The main developments which flowed from this were the establishment of catalytically funded TAFE Small Business Centres and the extension of customised courses in mainstream TAFE provision so that by 1990 all TAFE colleges in Victoria offered fee-for-service customised provision with an enterprise specific focus to companies along with a range of provision for individuals (State Training Board of Victoria, 1990). By 1992 when the fieldwork for this research ended, the number of

TAFE Small Business Centres in Victoria had been increased from the original 6 to 14, although the concept of a national centre had still not materialised by that time.

In volume terms the main element of the restructuring which began in 1987 was the Jobtrain programme. This essentially rationalised the existing mixture of adult training programmes into one uniform programme. Total resources to the programmme were increased reflecting the commitment to adult retraining which the Kirby Committee had recommended.

The Jobtrain programme like TOPS allowed a fairly flexible response to the needs of the individual and the local labour market, allowing the field offices of the Commonwealth Employment Service to purchase entire courses or places on courses for unemployed managers or unemployed individuals who wished to train for self-employment. At least in theory, this provision did not need to be purchased from the TAFE sector and control over occupational mix and contracting was progressively moved from the Victorian state level of DEET to the area network (Interviewees 29V, 18V, 8V,41V).

However, the Commonwealth government's assumption of the lead role in adult retraining was not viewed as a particular concession either at Commonwealth or Victorian state level. As one senior Commonwealth official in Canberra told me:

> ".....there was broad agreement that the Commonwealth should take over labour market programmes.....actually the states had never shown much interest in these programmes."
>
> (Interviewee 31V)

Indeed Victoria's own plans to absorb the Department of Labour was, at least in part, a manifestation of her general acceptance of the Commonwealth's ascendancy in relation to labour market programmes. Thus:

> "The Feds can take over the labour market programmes if they want to.....we never really did much with these programmes".
>
> (Interviewee 28V)

However, no such happy consensus existed over the four inter-related issues of ownership of the TAFE system, access to accreditation, the development of a

nationally recognised system of competence based qualifications and direct training support to business.

Broadly speaking, the Victorian state government were supportive of the idea of a national, competence based vocational training qualification system, seeing labour market mobility as an essential prerequisite to the restructuring of Victorian industry, and work-based delivery was essential to the construction of such a system (Interviewees 18V, 15V, 28V). However, the Commonwealth reform agenda also included the modernisation of the TAFE system and the introduction of non-TAFE providers was one way of providing a catalyst for this change. This applied no less to small business and management training than to other areas of vocational training (Bureau of Industry Economics, 1985: Commonwealth of Australia, 1991b). However,the monopoly which TAFE had over accreditation was a major stumbling block on the Federal training reform agenda. On this issue, the Office of the State Training Board was proving more fickle and there were limits to the extent of the compromise to which Victoria was prepared to agree. As one official of the Office of the State Training Board put it:

> ".....control over TAFE and the accreditation system is quite another matter.....this is our back yard and we will decide what goes on in it".
>
> (Interviewee 29V)

In fact Victoria was less hostile to the proposals than other states. New South Wales and Western Australia remained intransigent to the whole idea of training reform (Interviewees 28V,24V,29V). I was lucky enough to be granted an interview with a very senior Commonwealth official who had been assigned to the task of attempting to negotiate a compromise and who explained the process as follows:

> "What you have to understand is that this system cannot impose anything. There is no legislative underpinning, so the whole process is one of trying to placate groups of people and of trying to reach compromises.....I had the job of trying to warm-up the various state agencies.....New South Wales and Western Australia were the main problems. By and large Victoria was the main supporter mainly because of her need to re-structure the industry base..... the only point on which we could achieve unanimous agreement was that the Commonwealth would assume more responsibility for labour market programmes.....I don't think that anyone was unconvinced of the need to modernise the qualification system. It is quite clear that without transferability of skills, we will never achieve the competitive edge as a manufacturing nation..... but the issue of

TAFE ownership is a political issue and it represents an enormous barrier to change."

(Interviewee 21V)

The failure to reach agreement through this process of diplomacy was a major frustration to the officials of DEET (Interviewees 29V, 2V, 17V) and developments following 1987 can be viewed at least in part as a way of furthering the Commonwealth agenda by means other than diplomacy.

Two main themes are important here. Firstly, the Commonwealth government began experimenting with Managing Agency models as a means of developing the non-TAFE infrastructure. Secondly, it began to place an increased emphasis on community based strategies as a means of defusing some of the political tensions with the state government.

However, the high proportion of craft training provided under the Jobtrain programme meant that it was dependent upon access to accreditation and throughout the period of the study Victoria maintained a firm hold over qualification and provider accreditation. The former remained in the control of the appropriate ITB, the latter was controlled directly by the Office of the State Training Board. In 1990 Victoria did set up an accreditation system which enabled private sector providers to become accredited to deliver recognised, competence based awards, but by February 1992 there were about 30 private sector providers going through this process and none had won centre accreditation.

The Skillshare programme which was introduced by DEET in January 1989 essentially proved to be a Trojan horse for the Victorian state authorities. Broadly speaking, Skillshare funded community groups to provide training to those who were the most seriously disadvantaged in the labour market (see Appendix 6). This by definition meant that providers were outside of the TAFE sector and given that they were dealing with low ability clients, they were not dependent on accreditation. Commonwealth officials saw this as a way of effectively building an alternative provider network and challenging the monopoly of TAFE. As one very senior DEET official in Canberra put it:

"As you have probably gathered we are very keen on community based delivery.....Skillshare providers are groups who traditionally worked with groups of unemployed people, so a ready made delivery

> network already exists.....Because of Australia's size, Canberra is always vulnerable to accusations of being distant and unresponsive to local labour markets.....Skillshare providers have to make the case to us based on identified need, not the other way around.....that helps us to manage the political relationships with the states.....they can hardly accuse us of being out of touch when we are responding to grass roots agencies.....The TAFE monopoly on accreditation has effectively been blocking the development of Commonwealth programmes. Skillshare provides us with a vehicle for tackling the stranglehold which the states have because, apart from the political issues, they can operate quite effectively without accreditation. "
>
> (Interviewee 29V)

Skillshare also gave DEET the opportunity to experiment more with devolution to local level through the Managing Agency model which also fulfilled a secondary objective of assisting with restructuring of the Commonwealth Employment Service (CES). Thus:

> " The CES network in Victoria is enormous and extremely unwieldy. If the Minister gets his way on control of the training system, it would become even more unwieldy. Community based delivery is the answer. I wouldn't be surprised if half the existing CES network didn't disappear, particularly if we have a change of government next year."
>
> (Interviewee 23V)

NEIS also proved to be a convenient vehicle for the Commonwealth government to further its own reform agenda.

In section 4.5 I discussed the establishment of an experimental NEIS programme in Victoria in 1985. Contemporary observers were very critical of the joint Victorian/Federal arrangements which were established at that time to administer the programme (Interviewees 1V, 7V, 17V, 29V) and pointed to "the rubbing up between the Federal government and the State government" (Interviewee 1V) and "fragmentation between marketing, training and post start-up support" (Interviewee 7V). Some attributed the conflict to the fact that Victoria had a left wing government and at that time the Commonwealth government was right wing (Interviewees 16V, 26V, 58V).

However, the NEIS model proved sufficiently successful to be incorporated in DEET's re-vamped national training programme. Interestingly, it was originally

designated by DEET as a sub-programme in its Employment and Training Assistance Program (DEET, Annual Report, 1988/89), but was moved a year later to the now politically alluring Community Strategies Program (Department of Employment, Education and Training, 1990a). However, during that year NEIS hit some problems in Victoria. There was a scandal involving the Victorian Economic Development Commission (VEDC) and "there followed a cold war on enterprise" (Interviewee 16V). The rather fragile joint operating arrangements fell apart and the Victorian state government pulled out of NEIS.

Contemporary observers saw this as a sharp reminder of the supremacy of the state in matters related to vocational training (Interviewees 1V, 17V, 26V, 29V, 42V), but it was to prove to be only a temporary set-back and in some senses prompted a review of administrative arrangements which suited the purpose of the Commonwealth officials.

In 1990 the Victorian government agreed to the re-introduction of NEIS. It also agreed to a new Managing Agency model largely because it offered to ease some of the problems which had previously been encountered with both governments attempting to work together on direct administration of the programme. As one official of the Office of the State Training Board put it:

> " Once we had acknowledged the need to support the small business sector, we could hardly exclude an important source of Commonwealth funding.....we were still very cautious about the motivation of the Feds.....they clearly wanted to move a lot of vocational training out of the TAFE system. However, there was such a huge and unexploited market in business skills training that we reckoned that TAFE could stand the introduction of private sector providers."
>
> (Interviewee 28V)

As with Skillshare, this model proved to be something of a Trojan horse for the Victorian state authorities. Annual re-contracting for NEIS from 1991 onwards saw contracts being moved from TAFE Small Business Centres to non-TAFE providers. This was a conscious piece of opportunistic behaviour on the part of DEET officials as the following illustrates:

> " Our agenda is to flex out the training system. Clearly the OSTB is a bit suspicious of this development. They don't really want to relinquish control of the training system. One way of slowing the whole process down is to drag their heels over the accreditation of non-TAFE providers. This causes a delay in the development of our programmes.

> Whilst we can contract with non-TAFE providers, it is difficult to do this in respect of craft occupations. But training people to manage small businesses can proceed quite successfully without any certification in place.....Frankly we knew that if we got them to agree to the Managing Agency model, we could simply begin to move the contracts progressively out of the TAFE sector"
>
> (Interviewee 2V)

Another DEET official at Victorian state level said:

> " The Minister is intent upon having wholesale control of the training system. The Commonwealth funded small business training programmes, NEIS and Skillshare, are at the forefront of developing the delivery infrastructure outside of the TAFE system. Obviously the whole situation would change if the states agreed to give up ownership of TAFE, but as you know we still have deadlock on that particular issue."
>
> (Interviewee 23V)

If the Office of the State Training Board was nervous about the general trend towards the introduction of non-TAFE providers, it was even more nervous about the possibility of private sector involvement. This largely explains the quadrangle like configuration between DEET Headquarters in Canberra, the Victorian state office of DEET in Melbourne and the non-profit sector and the links from the area network of DEET offices into the non-profit sector.

Whilst officials in Melbourne retained an overseeing role in relation to spend and performance against profile, much of the direct control over the administration of the programmes was exercised at area level or in Canberra. As I discussed earlier, the introduction of Jobtrain saw more area involvement in decisions about occupational coverage and contracting for provision. However, there was a significant difference where NEIS and Skillshare were concerned. Responsibility for the appointment of any new Managing Agency for either of these programmes lay with no less than the Commonwealth Minister (Interviewees 23V, 17V, 16V, 26V), and Canberra officials remained very close to the development of each project. One DEET official explained this to me as follows:

> "I can sign off 35 million dollars for TAFE but every Skillshare application has to be approved by the Minister.....It is about political sensitivity, nothing to do with the value of contracts.....The Area Directors tend to be closely involved in identifying potential Managing Agencies. They are very close to the local community, so they know whether any particular organisation has

> credibility or not. Even so, the final decision has to be made in Canberra, usually on the recommendation of the Area Director. In Victoria, we have the particular problem that the state authorities are very suspicious of the involvement of the private sector - largely because of the VEDC incident. Skillshare is aimed at voluntary sector organisations anyway, but in Victoria we have also had to move very slowly on the issue of private sector providers."
>
> (Interviewee 23V)

Much of the rationalisation of relationships which is illustrated at Diagram 15V reflects the agreement over the Commonwealth's role in delivering programmes for the unemployed. In particular, the Skillshare and NEIS programmes which were being delivered extensively by the non-profit sector were proving to be important vehicles for developing the non-TAFE provider infrastructure, whilst maintaining the delicate political balance between Victorian state and Commonwealth officials.

In 1989 there was a meeting between State Premiers and the Commonwealth Minister and his officials to try to secure a comprehensive agreement about the responsiblity of various levels of government for vocational training. This formalised the consensus which was already emerging over labour market programmes. Agreement was also secured over the principle of a nationally recognised and competence based qualification system. However, the question of ownership of the TAFE system remained a major stumbling block and the conference ended without any agreement being reached on this delicate issue. Thus:

> " Victoria has been more supportive than some other states.....but there was no way we were going to relinquish ownership.....overall, Victoria was prepared to agree to some compromise which involved the Commonwealth taking over greater responsibility for the funding of TAFE, provided the state retained overall management control.....However, others states were less inclined to compromise and the whole thing broke up without agreement".
>
> (Interviewee 28V)

However, as I have discussed, the whole question of ownership of the TAFE system was so central to the issue of the development of the qualification system because of its near monopoly of the accreditation process, that it was difficult to make progress on one without the other. The following period, therefore, was characterised by some rather confused developments at both state and federal level.

As far as the development of a framework of competences for small business management training was concerned, the Commonwealth government appointed a standards body in 1991 which had begun work on identifying generic small business management competences. However, whilst the Midgeley Report (National Board of Employment, Education and Training, 1990) had identified the need for a competence based approach to general management, no equivalent body had been established by the National Training Board. By 1990, however, the State of Victoria had encouraged the development of the qualification infrastructure through its Industry Training Boards (ITBs), and the Arts and Entertainment ITB, the Automotive ITB, the Tourism and Hospitality ITB and the Business Services ITB were all active in training needs analysis and curriculum design for small business training. In addition the Business Services ITB had been given responsibility for identifying the generic management training needs of a range of businesses including small businesses (State Training Board of Victoria, 1990).

In the following chapter I will discuss the process which was underway to try to resolve this apparent duplication of effort. However, for the time being it is sufficient to conclude that the period following the Kirby Report did see an extension of the role of national government in management training programmes, and small business management was at the forefront of developments in the whole field of vocational training. However, this extension of federal influence had not had the effect of usurping the role of the Office of the State Training Board in relation to other than in the area of labour market programmes. Even here the extension of DEET's role was subject to the consent of the Victorian government. The role of DEET officials in Canberra was also limited to selecting service providers, although they did also play a very active role centrally on programme design (Interviewees 4V, 17V, 29V). Ongoing monitoring and evaluation fell to the area network of DEET, although Canberra officials maintained a close operational relationship with each project (Interviewees 10V, 7V, 26V). Ironically, this period saw the erosion of the role of the Victorian state office of DEET, partly as a result of restructuring, but principally as a result of the increasingly local focus. Thus:

> " Area offices are increasingly important in developing local delivery mechanisms.....at the end of the day, it is the state government which decides policy in this area.....our Victorian state office really only acts as a point for co-ordinating budgets.....perhaps in time that whole level of our organisation will disappear and we will deal directly through the state government agencies.....In Victoria

> that should already be possible because of the reorganisation which has taken place.....if they bring in employment too, they will be in line with the DEET organisation".
>
> (Interviewee 29V)

Viewed from this perspective, the planned establishment of a Department of Employment, Education and Training in the Victorian state government can be seen as opportunistic behaviour and this was indicated by some state officials. Thus, for example:

> "It isn't the case that we are towing the Commonwealth line. There is no doubt that we are the determining factor in relation to vocational training. However, operationally things can get a bit fragmented if DEET programme funding is coming through a variety of state agencies.We want to keep a handle on developments on our patch and we can do this more effectively if we align our structures with DEET."
>
> (Interviewee 28V)

One final aspect of the overall process of rationalisation which I observed was the increasing role which the Commonwealth government was playing in the training of Aboriginals. However, a very small proportion of Australia's Aboriginal population live in Victoria, so I will contain my discussion of this issue to a very brief general explanation.

Broadly speaking the plight of Australian Aboriginals was becoming an increasingly sensitive political issue. At the time of my fieldwork visit plans were being made to transfer responsibility for Aboriginal programmes from a range of departments to a new Aboriginal development agency which would provide an integrated range of services. In practical terms this implied the transfer of responsibility for some adult training programmes from the Department of Employment, Education and Training to the new Canberra based agency. However, the implications for federal/state relations over state level implementation of programmes was still unclear by the time I left Victoria in April 1992.

The behavioural processes which were associated with the changing roles at federal and state level are examined in more detail in chapters 5 and 6. However, the following section three sections take stock of the changes which took place in the Scottish policy network between 1981 and 1988.

4.7 Towards the New Training Initiative

In 1981 when the New Training Initiative was published, the MSC's main vehicles for delivering management training were the Training Opportunities Programme (TOPS) which provided opportunities for individuals, and the Key Training Grants and Training within Industry (TWI) schemes which provided training support direct to companies.

As I discussed in Chapter 1, the New Training Initiative focused mainly on proposals for the introduction of the Youth Training Scheme. However, it did also appear to herald a new beginning for adult training (Manpower Services Commission, 1981c) and to some extent placed the writing on the wall for TOPS. However, it was not until the operational year 1985/86 that the TOPS programme was replaced (see Appendices 5 and 7 for summaries of the main management training initiatives).

The overall network of contacts between respondents who identified themselves as having been mainly involved with management training initiatives during this period is summarised at Diagram 14S. What is immediately apparent visually from this is that the polarisation of activity around MSC Headquarters and the field offices which was evident in Diagram 6S is not quite so evident here. Instead there is an indication of higher levels of inter-organisational activity around MSC Office for Scotland and levels of activity at national and local level are less striking.

The key point which emerged from my discussions with network members was that respondents saw the role of Office for Scotland as principally a policy making and strategic planning role linked closely to the nature of the TOPS programme and to the industry training programmes.

These programmes essentially had their roots in the early strategic labour market planning aspirations of the MSC which involved linking job creation with training in response to major trends in the labour market rather than addressing specific skill shortages (Ainley & Corney, 1990, p19). This allowed them to be used in the the mid 1970s to improve the standard of adult entrants to management in key industries.

Office for Scotland played a major role in determining the overall industrial and occupational mix. Thus:

"TOPS really was just a vehicle for promoting training in the areas where we felt that it was important. This was done in conjunction with the Plan for Scotland."

(Interviewee 1S)

Similarly:

" Office for Scotland took a particular interest in determining the overall spread of management training provision. Unlike other skills, demand for high level management skills was not localised but was symptomatic of the changing nature of the Scottish economy."

(Interviewee 12S)

In practical terms this was effected in the following way:

" There was a Management Development Adviser in Office for Scotland and it was his job to decide what the overall shape of management provision in Scotland would be. By that I mean that he decided how many personnel management courses we would sponsor and how many marketing courses. He was particularly influential in deciding which industry should get priority. All this was done in conjunction with senior management, the Committee for Scotland and the economists in the Manpower Intelligence Unit."

(Interviewee 8S)

The inter-organisational activity at Office for Scotland level was explained as follows:

" We consulted very widely with Scottish interest groups such as the CBI, industry specific employer groups and providers of mangement training."

(Interviewee 1S)

and:

" it was our job to collect as much data as possible and collectively to advise the Committee for Scotland on the management training needs of Scottish industry."

(Interviewee 35 S)

As Diagram 14S suggests, the District Offices (later Area offices) of MSC were also a focus for inter-organisational activity. This had a distinctly operational focus ranging across design, resourcing and evaluation. Thus:

" Office for Scotland would determine the overall mix of training but, thereafter, we had a great deal of control. We used to sit on the interview panels which selected trainees and we got into detailed

> discussion with college staff about the content of training programmes..... We were also the most influential in determining the cost of courses, once the overall spread of provision was determined, it was up to us to negotiate the price.....We had a direct involvement in monitoring content. Indeed we used to sit in on courses and comment on the quality of content and delivery".
>
> (Interviewee 8S)

However, by 1981, a number of trends were already under way which were to alter the balance of influence within the policy network.

Firstly, the strategic influence of Office for Scotland gave way to national policy concerns, most notably the need to manage rising unemployment. Secondly, the nature of the inter-organisational focus at local level began to reflect the government's belief in leaving the delivery of training to market forces.

In 1978 an extensive GB wide review of TOPS had recommended that provision should be related much more closely to the needs of industry. Management training provision was singled out for special attention and a review of provision was completed in 1980 (Manpower Services Commission, 1981a) against a background of doubt about the acceptability of some management training to employers, the reduction required in the Commission's spending and the marked increase in unemployed managers. In the light of this, the Commission decided on a number of selective reductions including longer management courses.

By 1981 the emphasis had shifted to shorter courses designed to prepare unemployed executives for the labour market. A number of programme models were developed, but the most significant of these was the Bridge Programme which focused on job-finding skills, confidence building and the development of transferable management skills, rather than on teaching a formal management discipline. Significantly, the Bridge Programme was delivered on a part-time basis and participants did not, therefore, qualify for a training allowance. This allowed the MSC to expand management training within TOPS without increasing expenditure.

Scotland followed suit on this issue, shifting the bulk of the TOPS management provision into the Bridge Programme (Manpower Services Commission, 1980b) in spite of reservations by Office for Scotland senior management.

One official put his reservations as follows:

" There was no doubt that the Bridge Programme had a very flexible design. There were virtually no requirements in terms of duration, content or delivery. The emphasis was on giving managers the opportunity to take stock and re-orientate themselves in the job market through a series of seminars. We felt that this was completely unrealistic in the tight labour market north of the border."

(Interviewee 23S)

Another said:

"The assumption seemed to be that an engineer who had reached management level and then become unemployed would have generic management skills. In short, a few sessions on CV writing and interview technique would be all that was needed to fit them for the tourism industry or the electronics industry.....It was completely unrealistic in the very competitive labour market which we had in Scotland".

(Interviewee 1S)

In spite of reservations about the lack of management skills training in the Bridge Programme, performance did hold up. The Scottish percentage of TOPS training in management remained relatively stable by comparison with levels during the late 70s. In 1981 364, or some 8%, of TOPS completers were in the area of management and virtually all of these were graduates of the Bridge Programme or the closely related forty plus programme.

The period between 1981/82 and 1984/85 also saw significant changes in the direct training support which the MSC offered to existing companies.

In fact both the Key Training Grants scheme and Training Within Industry nationally showed a diminishing commitment to management training even before 1981. In 1977/78, management training accounted for 4.5% of Key Training Grants which fell consistently to 0.5% by the 1981/82 operating year. TWI supervisory training fell from 66% of the total throughput in 1978/79 to 47.3% in 1981/82. I could find no source of information on Key Training Grants in Scotland but TWI performance followed the national trend with management training falling from 64% of the total in 1978/79 to 41.1% in 1981/82.

This downward trend was to continue after 1981 and bottomed out at 35.4% of national throughput in Scotland. However, the MSC was distancing itself from direct interventions of this kind. In 1982/83 a decision was taken to set up the Skillcentre Training Agency (STA) as a separate, commercially orientated organisation within the Commission. TWI and Key Training grants disappeared as separate entities and, as we saw in section 4.2, this proved to be a prelude to privatisation.

The cumulative effects of these changes was to greatly reduce the strategic role of Office for Scotland in terms of determining the overall spread of management training provision in Scotland and to modify the role of the local offices. Officials describe the changes which took place between 1981 and 1985 as follows:

> "Once the longer TOPS courses went, we lost all real control over what was going on..... Bridge courses were based on a standard model.....the question changed from being about what was right for the Scottish economy to how many of these short modules we could deliver".
>
> (Interviewee 1S)

> "Our job really changed.....we essentially became planners and performance monitors.....we had to try to decide how to allocate resources at area level based on historical performance.....if one area was failing to deliver, we had to keep tabs on it and shift places to the areas which could deliver so that we achieved the best possible results for Scotland".
>
> (Interviewee 14S)

> "At local level we no longer had any input to course design.....there were a lot more contracts, so our job became more one of striking the best deal on unit costs and managing large numbers of contracts.....we were just purchasers of training, although, in fairness, we did still have some role in monitoring the quality of the provision".
>
> (Interviewee 19S)

National policy interests were also having a marked impact on the focus of management training provided in Scotland.

As we have seen, David Young's answer to Britain's economic ailments was to be small business, and the predominance of the Bridge Programme and related types of courses was to be shortlived. Since 1977, the MSC had been experimenting at Manchester and Durham Business Schools with training for people starting new

enterprises. This development was taken up in Scotland a year later with a pilot course at Queen Margaret College. These pilots were eventually to be developed into the New Enterprise Training Programme and the Small Business Course which were launched nationally in 1979.

Another significant development was the Management Extension Programme, developed at Stirling University, which provided redundant executives with a crash course in general management skills and then placed them in a small firm with growth potential to help devise and implement expansion plans. This programme was introduced nationally in 1982/83, replacing the Bridge Programme within TOPS and reflecting the growing trend away from providing assistance to the unemployed manager to providing assistance to small businesses.

If there had been reservations about the Bridge Programme, there were even more serious concerns about the appropriateness of small business mangement training in Scotland. As one senior training executive in Office for Scotland put it:

> " TOPS had allowed us to invest in the sort of management training which supported our changing economy.....Whatever we thought about the long term usefullness of Bridge, we certainly had management unemployment so we were able to keep the performance up. But he idea of training for small business was so alien to the Scottish culture..... There were numerous studies which said that the Scottish economy and culture just wasn't receptive to the entrepreneurial ideology".
>
> (Interviewee 12S)

By 1984/85, although the total outturn in the area of management and small business management training had changed very little at 7.7% of total TOPS completions, this area of training had been completely subsumed by training designed to support small business start-up and expansion. Take up of the new training provision, however, indicates that Scotland's environment was a little more hostile to the enterprise culture and the reservations of MSC officials in Scotland were borne out in the rather disappointing results in her performance. Since the publication of the first separate Scottish accounts in 1977/78, TOPS completions in management training, including the small pilot enterprise programmes, had held relatively steady at 8% in1979/80, 7.6% in 1980/81 and 7.2% in 1981/82. No figure is available for 1982/83 or 1983/84, but by 1984/85 the figure had fallen to 4.4% of total completions. However, the shift from general management to small business training mirrors the national picture.

The period prior to the re-structuring of the MSC's adult training programmes in 1985 also saw a trend towards centralisation of design and development work.

In 1981 the headquarters of the MSC at Sheffield contained a small Management Development policy section which was responsible for promoting more effective management development. Officials working in the unit describe its early activities as "essentially reactive" (Interviewee 16S) and "the sort of section which got moved from branch to branch because some senior manager had a post which was too lightly weighted" (Interviewee 7S). The principal purpose of this unit was to find out what was going on in management development in Britain. The means of doing this was to offer to fund management development projects which other organisations were working on.

The first tangible manifestation of this mode of thinking was the Management Training and Development Initiative, introduced in 1984/85, which provided part funding of around £30,000 for projects which were designed to improve the quantity and quality of training opportunities available to managers. This development was enhanced the following year with the introduction of the Management Development Demonstration Initiative which aimed to encourage the spread of good practice through the production of case studies. MSC funding of up to £10,000 was available per project.

The key theme which emerged from these developments was that " the most powerful work which was being done in terms of organisational impact involved action learning through a team of managers rather than the development of individual managers." (Interviewee 6S) This resulted in the piloting of the Managing Company Expansion (MACE) scheme which was aimed at small firms and which took forward the main lessons from the demonstration projects. This programme allowed for payment of 50 per cent of the cost, up to a maximum of £15,000, for projects which identified business priorities, linked these to identifiable management development needs and produced a training and development plan. Small firms were initially defined as those with fewer than 200 staff, but this "drifted upwards to 500 staff because uptake by smaller companies was so poor" (Interviewee 6S). Treasury funding was approved for two subsequent years and these developments were eventually to feed into the Business Growth Training Programme.

By 1985 the Management Development policy section had metamorphosed into an entire branch of MSC headquarters containing four senior managers and a staff of almost 60. One observer attributed this success to one individual in the following way:

> "He grasped the fundamental message that small business and marketisation were central to the government's training philosophy.....he quite literally wrote some of our Treasury proposals on the back of envelopes, but the right buzz words were always there.....gradually it became the place to work in Moorfoot and no-one wanted anything to do with grotty programmes for the unemployed".
>
> (Interviewee 7S)

The period up until July 1985 saw a number of other developmental projects which were symptomatic of the government's belief in the operation of market forces in training. These developments included the Open Tech Programme, the Adult Training Campaign, Local Grants to Employers and Local Collaborative/Development Projects. Matched funding and ultimate self-sufficiency were at the core of the design of these programmes. Interestingly, with the exception of Local Collaborative/Development Projects, Office for Scotland lost even more of its previous controlling influence over management training projects since Open Tech projects were administered directly from MSC headquarters in Sheffield and all control over Local Grants to Employers and the Adult Training campaign was devolved to the Area Offices.

The centralisation of development activities was encapsulated by one Moorfoot official as follows:

> "It was daft. We used to go tearing up to Scotland just to get a signature on a contract - any excuse really.....usually we didn't even tell Office for Scotland we were there".
>
> (Interviewee 7S)

And was confirmed by an Office for Scotland official as follows:

> "The job was just about keeping our senior mangement informed.....There was no devolved budget and all the contracting, monitoring and evaluation of projects was done in Sheffield".
>
> (Interviewee 8S)

Following the publication of the New Training Initiative proposals it did seem that the MSC was suffering from a paucity of thinking about adult training. Indeed the 1981/82

MSC annual report devoted one brief, bland paragraph to the future of adult training indicating that a working group had been set up to consider the future of adult training and would report back in the Autumn of 1982 (Manpower Services Commission, 1982a), and it was 1984 before there was any formal announcement about the future of adult training. However, with hindsight it is apparent that the period between 1981 and 1985 saw a number of significant changes in the way management training was delivered and in the structure of the policy system. These changes were apparently driven by the need to manage the worst effects of unemployment, the government's ideological stance on the growth of small business and the belief in the role of market forces in the delivery of vocational training.

In the following section I will examine how these trends developed following the major re-structuring of adult training which took place in the operational year 1985/86.

4.8 Heinz 57 Varieties

The predominance of small business training was consolidated in 1985/86 when the TOPS programme was discontinued and replaced by the Job Training Programme (JTP). This restructuring was eventually to lead to the adult training programme being poularly labelled as 'Heinz 57 Varieties'. Appendices 5 and 7 provide a chronology and summary content of these developments. However, because of the low level of responses which were received in relation to this period, I have not included a diagrammatic illustration of the network of key contacts. The discussion in this section is, therefore, largely based on interview material.

The most significant change which this programme represented was that it built on the practice developed in the Bridge Programme and substantially increased the proportion of part-time opportunities offered, thus enabling the MSC to increase the trainee throughput.

The programme contained a portfolio of schemes entitled Training for Enterprise (TFE) which consisted of the main programmes developed under TOPS with some new models.

In Chapter 1, I discussed the controversy surrounding the appropriateness of small business generation as an answer to Scotland's economic problems. Yet in spite of

these negative indications, the period following the introduction of TFE saw an enormous expansion in the MSC's trainee throughput on these courses in Scotland. By 1987/88 this figure had reached 9,996 starts and the proportion of total starts had moved from 4.4% to 18.2%. In fact, as with most earlier developments, Scotland simply followed the GB trends in terms of the increased percentage of total throughput, albeit marginally behind in all but 19485/86 when it was actually ahead of the GB trend (3).

Officials operating in the field at this time explain the phenomenon as a process of budget maximization (Niskanen, 1973). An Office for Scotland planning official explained the process in this way:

> " .....the government clearly wanted enterprise training and we had to sign up to financial and volume targets that reflected our proportionate share of the GB total..... The Area Office shares were a bit more fluid and we could negotiate with the Area Managers based on historical performance and evidence of labour market trends, but their ability to spend the allocated budget was the crucial factor".
>
> (Interviewee 14S)

Area Offices also were aware that "enterprise was in the air" (Interviewee 3S). Thus:

> "If the Area Manager wanted to be seen as successful, he moved heaven and earth to meet the TFE targets and to get as big a share as possible of the Scottish budget."
>
> (Interviewee 4S)

The main changes which tookplace in the policy network during this period have not been represented diagramatically because of the low number of respondents who provided data in relation to their involvement with this initative in response to the postal questionnaire. However, data obtained in the course of interviews suggests an acceleration of the trends identified in section 4.7.

Firstly, levels of inter-organisational activity around MSC headquarters fell and became more restricted in its purpose, as it adopted a more directive role in relation to the implementation of government policy. Thus:

> "The Training for Enterprise Portfolio reflected all the elements which government valued - the emphasis on small business, the use of private sector training providers and the restriction of the availabilty of training allowances.....there was no need to consult with industry, the Treasury were making it perfectly clear what we had to do.....unlike the early days of TOPS, training had become a very political issue".
>
> (Interviewee 24S)

One senior MSC headquarters official put it as follows:

> "TOPS had really not allowed us to have any control over the content of the training.....TFE was entirely designed by us.....By that I mean that we set the groundrules and brought in consultants to actually design the programme models.....We mainly used the business schools which were prominent in the area of small firm training, like Manchester, Durham and Stirling".
>
> (Interviewee 24S)

In effect, the policy and design and delivery functions had become highly centralised at MSC headquarters and the inter-organisational activity was now largely limited to the purchase of consultancy services rather than the extensive consultation which had accompanied the process of policy formation prior to 1981.

Inevitably, these developments continued the trend of diminishing the role of Office for Scotland:

> "Our role in the Job Training Programme was limited to allocating resources to Area Offices.....we had virtually no room for manoeuvre in terms of the proportion of the budget which went into TFE.....the Area Office shares were a bit more fluid in terms of volumes and we could negotiate with the Area Managers based on historical performance".
>
> (Interviewee 23S)

Beyond that, Office for Scotland's role was really one of "monitoring performance at Scottish level and taking remedial action by moving resources if an Area looked like under performing and it looked as if another area could deliver." (Interviewee 22S)

The extensive development of the part-time component of the Job Training Programme was not helpful in dispelling adult training's 'Cinderella' image . However, this did have a marked impact on the role of Area Office staff in terms of markedly increasing

the number and range of external contacts which they had to manage. One official put it as follows:

> "There was an absolute explosion in the number of contracts which we had to manage.....this was partly because of the numerous components which there were in the TFE portfolio, but we were also being encouraged to involve many more private sector providers".
>
> (Interviewee 3S)

However, these levels of inter-organisational activity consisted mainly of contacts related to the resourcing of initiatives and to monitoring service provision, as described below:

> "Dealing with TOPS, I used to feel that I was part of a professional community of management educators.....by the time TFE was introduced, I just saw my role as a wheeler-dealer, scouring the market for the best deal and playing one provider off against another to beat the prices down".
>
> (Interviewee 4S)

However, these arrangements were only in place for just over a year when the MSC announced further, and much more radical, changes to its adult training provision. These changes, which are discussed in the following section, were to have far reaching effects on the policy system and on the future of the MSC itself.

4.9 An end to consensus

In the Autumn of 1986 the New Job Training Scheme (NJTS) came into being, initially in nine pilot areas, including Dundee (Fairley in Brown & Fairley eds, 1989), but it was subsequently extended nationally in the Autumn of 1987.

However, NJTS was really only the field trial for a much more radical overhaul of the adult training system. In September of 1988, the Employment Training Programme was launched, combining the budgets for adult training, including JTP and NJTS, and the Community Programme which had been introduced in 1981 to provide temporary work experience for long term unemployed adults. In essence Employment Training was to be all things to all people, provided they were unemployed, and combined a highly prescriptive programme design with flexibility at Area Office level to negotiate the overall skill spread of local provision.

The network of contacts within the policy system for the period from 1987 onwards is illustrated in Diagram 15S . The most striking aspects of this are the relative insularity and hierarchical integration of the MSC at all levels, although there is more marked evidence of inter-organisational activity at Area office level.

There were a number of reasons for this structural shift in the policy system.

Firstly, the introduction of NJTS struck at the consensus on which the MSC had been founded, and the introduction of Employment Training was to deal the fatal blow.The introduction of the New Job Training Scheme provoked a storm of controversy and in Scotland the STUC was among the first to speak out against it. There were a number of reasons for the furore. Firstly, it targeted certain age groups which were over-represented in the unemployement statistics and was accused of being "a totally fraudulent scheme designed to reduce the unemployment statistics in the run up to the election" (Educational Institute of Scotland cited in Speirs in Brown & Fairley eds, 1989). Secondly, it abandoned the concept of the 'rate for the job' and introduced the concept of working for benefit plus a small training supplement. Thirdly, it placed control of the scheme into the hands of the Managing Agents who in turn placed the trainees with employers, at a rate negotiated between them, laying it open to criticisms of job substitution and exploitation (ibid). All of these features were carried forward into Employment Training which also subsumed the remaining MSC adult programmes further reducing choice of training opportunities. The somewhat monolithic appearance of the post 1987 network, therefore, reflects what was increasingly seen as the absence of policy choice at national and Scottish level, although as I discussed in section 1.6, opposition in Scotland was even more vociferous than it was south of the border.

Secondly, the enterprise components of TFE had included provision for part-time training and training for people who had already set up in business.These elements made NJTS, and subsequently ET , singularly unsuitable vehicles for delivering small business training. A certain amount of confusion, therefore, reigned over the future of enterprise training. Special funding was made available to develop this dimension of NJTS, but events were soon to overtake this with the introduction of ET. However, parallel running with the Job Training Programme continued into 1988/89 and this enabled the delivery to be held at 89,800 starts in GB, a reduction of almost 17% on the previous year. No separate statistics are available for Scotland but "there was a

great deal of concern that enterprise training would simply fall between the gaps" (Interviewee 32S). As one Office for Scotland official put it:

> "There was a sense that the policy machine was simply steamrolling everything before it.....it wasn't any longer a question of how best to deliver enterprise training, it was how to make enterprise training fit ET".
>
> (Interviewee 13S)

NJTS and ET then, at one level represented the integration of adult training into what some saw as the Conservative government's workfare approach to adult unemployment. At another level, it brought the process of marketisation which had already been applied to direct training services to industry, to the main programmes for individuals. Area Offices did negotiate contracts with Managing Agents, or Training Managers as they were called within ET, but the emphasis on negotiating training placements with employers fragmented the training policy system at the delivery end. One might, therefore, have anticipated more marked levels of inter-organisational activity at local level than are suggested by Diagram 15S. This is undoubtedly due to the distinctive problems of fitting the Training for Enterprise Portfolio into NJTS and subsequently ET.

The demise of JTP forced the enterprise portfolio into a straightjacket of restrictive eligibilty criteria and full-time attendance requirements. An additional challenge was presented in that the Community Programme encompassed community based, small business projects which were essentially work experience programmes with little or no training content which had to be merged with the enterprise portfolio under the new title of Enterprise in Employment Training.

Operationally, the MSC decreed that each Area Office should contract with a maximum of two Lead Enterprise Training Managers in order to achieve some semblance of homogeneity across this diverse area of provision. Scotland followed the national line on this in spite of the fact that Office for Scotland had argued strongly against this route and in favour of keeping the management and small business provision outside the main framework of Employment Training delivery (Interviewees 13S, 1S). Ironically, the free-market ideology which gave Area Offices great freedom to promote competition between training providers for the award of contracts, did not apply to enterprise training. Theoretically, contracts could be awarded elsewhere at each annual recontracting exercise. However, the Lead Enterprise Training Manager system had

created a virtual monopoly which could not be broken without major disruption to trainees in the system.

Apart from the general furore, the absorption of management and enterprise training into ET attracted criticism in that it created a division between employed and unemployed managers and entrepreneurs. Indeed, there was initially some confusion about how the development of those who were already in work was to be catered for (Interviewees 1S, 13S, 23S). This confusion was resolved in 1988 when the MSC announced the launch of the Business Growth Training Programme (BGT) which brought together elements of the Training for Enterprise portfolio, MACE, Local Grants to Employers and Local Collaborative/Development programmes.

The introduction of BGT was largely a response to concerns which Treasury had expressed about the deadweight dimension of existing programmes which supported industry, in particular Local Grants to Employers. As one official who was directly involved with Treasury approvals told me:

> "There was an informal estimate made that in fact the deadwight factor in Local Grants to Employers was around 80%.....so there was a lot of pressure to do something about LGE and that was the budget which came into Option 3 of BGT".
>
> (Interviewee 20S)

The component parts of Business Growth Training are summarised in Appendix 7 and this reflects the trend towards the marketisation of training in that one of the cornerstones of the programme was this investment had to be justified in terms of the growth potential of the companies receiving funding. BGT also made extensive use of consultancies in the private sector. In the case of Options 1 and 2, the function of the provider conformed essentially to the Managing Agency model which was already used in the programmes for the unemployed in that the provider was responsible for every aspect of programme delivery including selection of trainees, provision of kits and courses and administration of the programme within a contracted budget. Area Office officials, however, retained a role in monitoring the delivery of the programme. MSC officials retained some control over the selection of companies which were to receive funding under Options 3, 4 and 5 although the delivery of the programme was provided by consultants.

The launch of BGT did result in decentralisation to Area Offices of some of the major strands of management and small business training, and is will be reflected in the levels of inter-organisational activity reported at local level during this period. Options 1-3 were run exclusively from Area Offices with Office for Scotland retaining control over only Options 4 & 5 which often involved a number of companies throughout Scotland. Theoretically MSC headquarters lost all operational control over this programme but in practice they maintained strong advisory relationships with Area Office staff which bypassed Office for Scotland. This was particularly true of Option 3, the MACE successor, which became the MSC flagship programme. One HQ official involved with the launch of Option 3 told me:

> " We introduced the whole thing with a workshop at Darlington.....There was a group of hand picked staff from Area Offices and we kept them together for about 2 years .....We used to bring them back for briefing about every 4 or 5 months.....Frankly Area Managers did not really understand the process of BGT, it was too organic. Frankly they were also too concerned with making sure that they met their targets on the big volume programmes like YT and ET".
>
> (Interviewee 20S)

Another HQ official working on Option 3 remarked in a similar vein:

> "At first the Area Office staff didn't have a clue. In fact we did consider whether we should run the programme through a network of Managing Agents. However, in the end it was decided that it would be good for staff's development to be involved. But it took a couple of years of handholding from us to build their expertise."
>
> (Interviewee 7S)

The almost simultaneous development of ET and BGT then occurred at the end of the period with which this study was concerned and their subsequent development is outwith the scope of this thesis. However, it is interesting to note that the introduction of both these programmes was very much driven by central political concerns. In the case of ET, the growing problem of adult unemployment and in the case of BGT, the need to pacify Treasury over the issues of deadweight and displacement.

One final area of the MSC's activities is of interest in relation to management and enterprise training and to the issue of decentralisation; that is the development of a nationally recognised system of qualifications. Strictly speaking this development spans the three periods which have been the subject of this and the two previous sections.

This area was the province of a few specialists and is unlikely to have had any significant impact on the reported network of contacts. However, it is an interesting final case study which supports the view that the period from 1981 up until 1988 saw the progressive erosion of the influence of Scottish interest groups over management training policy.

In the early 1980s the MSC had developed a "tremendous drive for a national certification system" (Interviewee 12S). This led to the establishment in England and Wales of a body to enquire into the feasibility of a national curriculum. This led to the establishment of the National Council for Vocational Qualifications (NCVQ) and to the creation of nationally recognised qualifications across industries in England and Wales.

As I discussed in Chapter 1, one of the main criticisms which emerged from the Charles Handy study into management education in Great Britain was the absence of a progressive system of management qualifications. One of the major developments which resulted from this was the creation of a National Forum on Management Education, chaired by Bob Reid of Shell, and its marketing arm the Management Charter Initiative (MCI) which was eventually to set the standards for the new National Vocational Qualifications in management.

However, there were three impediments to the introduction of these new management qualifications in Scotland.

Firstly, the Scottish Education Department (SED) were intensely jealous and suspicious of the MSC's activities in the education arena. As one member of the MSC Committee for Scotland told me:

> " The formal position was that the Secretary of State for Employment had responsibility for policy and the Secretary of State for Scotland had responsibility for operational issues.....As you can imagine, there was often conflict and no clear line of demarcation.....I was also surprised by the amount of input which the Scottish Office Education Department had".
>
> (Interviewee 12S)

The drive to introduce NVQs was just the sort of issue which was likely to surface the inherent resistence of SED to the MSC's educational developments. One MSC official, who was seconded to SED at the time, observed:

" SED were intent on stopping the growing influence of the MSC on Scottish Education. The establishment of SCOTVEC in 1983 was a deliberate pre-emptive move to ensure that the national curriculum would not extend to Scotland. And it worked, Scotland was exempted from this development in 1984 - you will find reference to this in the White Paper which was published around this time."

(Interviewee 19S)

Budget maximisation was again a key factor here:

" At that time about £100m to £120m was removed from the education budget. This didn't happen in Scotland because SCOTVEC had been set up in 1983, therefore, in the eyes of the Ministers, Scotland had already shown willing by introducing a national curriculum."

(Interviewee 12S)

The second impediment to the development of management VQs in Scotland lay in the vested interests of the infrastructure of management training providers. One MSC official described the position as follows:

" There were so many training institutions with their own vested interests. They ran courses in management, business courses which for the last 20 or 30 years had stayed very much the same and hadn't moved with the times.....They had to make the provision more accessible and relevant to the individual.....By then, I guess that the situation was dominated by about five key players. There was something called the Confederation of Scottish Business Schools which consisted of Glasgw, Edinburgh and Strathclyde - I can't quite remember who the other two were. However, they formed a nice little cartel".

(Interviewee 8S)

A third, and perhaps more minor, impediment to the development of the Management Charter Initiative in Scotland arose from the diificulties surrounding the introduction of ET which, as we have seen, were much more acute than south of the Border. One very senior manager in Office for Scotland told me:

" It was a question of priorities. As far as Head Office was concerned, ET was the number one priority. In Scotland that meant making plans to build an infrastructure of new training providers if the Local Authorities decided to pull out which is exactly what happened.....What that meant was the best staff and the most staff were pulled onto ET.....Inevitably this meant that other things had to take a back seat and frankly MCI was something that we were able quite comfortably to allow to drift".

(Interviewee 8S)

However, all this really did was to slow down progress with the development of MCI based qualifications in Scotland. In 1988, the Chairman of the MSC Committee for Scotland was appointed as Chairman of the MSC. Significantly, he was "both an educationalist and a Scot" (Interviewee 12S) and he was instrumental in arranging a meeting between all interested parties. There were political sensitivities because Scotland already had a system but the meeting agreed that there would be a series of equivalences. The Industry Lead Bodies would define the competences and Scotvec and NCVQ would devise the syllabus (Interviewee 12S). This meant that the way was clear for qualifications based on the MCI standards to be developed in Scotland.

Developments with management training in the mainstream programmes had also diversified the provider infrastructure which helped to pave the way for this. One Office for Scotland official described the process as follows:

> " We began to question why we were putting so much money into the Confederation.....We began to use LCP funds to bring together employers and providers around the management training theme.....We knew that MCI was around the corner and that we had to challenge the status quo on the provision of management training in Scotland.....Initially some of the Confederation members did not like it, but eventually they saw that a more mixed group of providers were being funded to provide Bridge Programmes or Management Extension Programmes.....faced with the growing threat of competition, most of them capitulated and we were able to get some thriving MCI networks up and running".
>
> (Interviewee 8S)

In section 4.10 I will return to the main structural trends in the Scottish network over the three main phases of programme development. In the meantime, it is worth bearing in mind that the developments described in this section, particularly the imposition of Employment Training on a reluctant Scotland, the rationalisation of the vocational qualification system and the decline in the role of Office for Scotland, all took place shortly before the announcement of plans to establish Scottish Enterprise, reputedly in response to calls for greater freedom for Scotland in the area of vocational training.

4.10 Conclusions

This study began from the largely popular perception that the Scottish policy system was undergoing a process of decentralisation in the run up to the formal announcement about the establishment of Scottish Enterprise. The choice of Victoria as a basis for comparison was also largely based on the apparent process of centralisation which was taking place following the publication of the Kirby Report. The analysis in this chapter suggests that this is an over-simplification of the rather complex re-structuring which was taking place in both sites.

In Chapters 5 and 6, I will be going on to examine the changes which took place in the efficiency and effectiveness of the respective policy systems over the periods to which the study relates. Given that this involves exploring selected behavioural aspects of the workings of the two policy systems, this will inevitably throw more light on the shifts of power which took place over time. However, in the meantime, it is worth taking stock of the trends in centralisation/decentralisation which are suggested by the analysis so far.

As far as Scotland is concerned, the evidence points to a reduction in the influence of Scottish level interest groups. Overall, the changes which took place reflect two inter-related, and arguably contradictory, themes. Firstly, the politicisation of vocational training which some observers suggest accompanied the modernisation of the training system (Ainley & Corney, 1990, p.22). Secondly, the government's belief in market forces rather than a planned approach to supply and demand in the labour market. The cumulative effect was a series of shifts in the policy system which were at the same time highly centralising and highly decentralising, and which polarised activity in the policy system away from the Scottish level. The following key points are worthy of note at this stage.

Firstly, the focus of policy making activity shifted to GB level in respect of the basis of assistance for industry and the unemployed and in relation to the development of the management qualification system, in spite of the continued existence of a distinctly Scottish education system.

Secondly, the role of Office for Scotland progressively became less inter-organisational and more isolated from other Scottish interest groups, and its earlier

strategic role in labour market planning narrowed to an essentially planning and performance measurement role. Operationally, the strengthening of the Director for Scotland's line management function in relation to the Scottish delivery network reflects this narrower function and coincides with the rationalisation of the intricate intermeshing of national and Scottish interest groups which was characteristic of the policy system before the New Training Initiative reforms began to bite.

Thirdly, responsibility for the day to day management of programmes shifted to local level as did the responsibility for determining the overall mix of provision.

Viewed from this perspective, the Scottish policy system of 1988 could perhaps be described as a hierarchy perched on the top of a market rather than the integrated network of national, sub-national and local interest groups which existed at the start of the period of the study. This does raise questions about the readiness of the organisational infrastructure to support the introduction of a Scottish body charged with responsibility for developing policy in relation to management skills training, but the subsequent development of Scottish Enterprise in this area is outside of the scope of this study.

As far as the Victorian policy system is concerned, the changes are perhaps more complex, dramatic and paradoxical. However, the evidence so far suggests that by the end of the period of the study it was still a more decentralised system than its Scottish counterpart. The main changes can be summarised as follows.

Firstly, the formal structures and the inter-organisational system do show a marked trend towards organisational centralisation and hierarchical integration. However, power within the structure remained dispersed. There was a marked expansion in the role of the Commonwealth government but the Victorian government remained an important regulator and promoter of activities within the state, and local agencies emerged as an important focus of interest and influence. The period saw a strengthening of links between the Commonwealth government in Canberra and the Office of the Victorian State Training Board. Any weakening of influence at Victorian state level was in the role of DEET's own Victorian State Office.

Secondly, the shifts in the policy system involved a reallocation of responsibilities for whole areas of vocational training policy with different levels of government retaining strategic and operational responsibility in different areas. In particular, the

Commonwealth government emerged as the key player in relation to programmes for the unemployed and the Victorian state government retained control over the qualification system. This is markedly different from the changes which accompanied the apparent centralisation within the Scottish policy system which was characterised by a polarisation of strategic and operational responsibilities within the whole area of vocational training.

Thirdly, in spite of the remaining unresolved tensions and overlaps in the Victorian policy system, there is more explicit evidence of co-operation and co-ordination between the various levels of government than is suggested by developments in the Scottish network. Equally there is more evidence of overt rivalry and competition suggesting the ability of the Victorian system to respond to emerging policy areas whilst at the same time managing the inherent tensions between national and sub-national government.

Whilst the analysis in this chapter did not provide the convenient contrast between a centralising system and a decentralising system which I had originally envisaged, it did shift the focus of the analysis back to the original research questions about the advantages and disadvantages of a decentralised system and the mechanisms which might be required to manage such a system. The following two chapters will attempt to explore these questions in more depth.

CHAPTER 4

NOTES

1. In Australia the term 'labour market program' was routinely used to describe programmes designed to assist the unemployed in finding work. This included wage subsidy and counselling programmes in addition to training programmes, but tended to exclude training support for industry or employed people.

2. There were a range of organisations involved as partner organisations with Local Collaborative Projects (LCPs) and Local Development Projects (LDPs) but usually financial and administrative input from these organisations was minimal. I have, therefore, excluded them from this category.

3. These figures are based on estimates which I produced in late 1991 for a working paper. My estimates were based on a combination of published MSC reports and internal working documents.

CHAPTER 5

DIMENSIONS OF EFFICIENCY IN THE VICTORIAN AND SCOTTISH NETWORKS

5.1 Introduction and overview of chapter

In section 2.5 I discussed the theoretical approach which I proposed to take to the concepts of efficiency and effectiveness, namely to focus on a set of dimensions (Beetham, in Thompson et al, 1991) or precursors (Mohr, 1982) which is associated with these two concepts. I will not repeat the arguments here other than to acknowledge the deficiencies of using analytical tools which are neither indisputable in terms of their causal links nor mutually exclusive (see section 2.5) but to justify the approach on the basis of its utility in relation to the original strands of the debate in the two research sites which I discussed in chapter 2.

In the previous chapter I came to some preliminary conclusions about the trends in centralisation and decentralisation in the two research sites in relation to management training initiatives. The purpose of this chapter is to explore the equivalent trends in the efficiency of the respective systems, particularly in relation to the major stages in the reform processes which I discussed in chapter 5.

The chapter is structured around the dimensions of efficiency which I outlined in section 2.5. Sections 5.2, 5.5, 5.8 and 5.11 deal with the issue of clarity of objectives, standardisation of decision making, information transfer and clarity of roles respectively, as dimensions of efficiency. Each of these is followed by two sections which explore the relevant data from the two research sites focusing first on Victoria and then on Scotland. Finally, section 5.14 comes to some conclusions about the overall trends in the efficiency of the two policy systems.

The analysis has been based on a combination of the transcripts of face to face interviews, quantitative and qualitative data obtained in the course of the postal questionnaire and the documentary sources. On occasions I also re-visit the analysis contained in chapter 4 in order to explore the relationship between structural trends and trends in the behavioural characteristics of the policy systems.

5.2 Clarity of objectives as a dimension of efficiency

The relationship between the efficiency of an organisation and the clarity of its objectives is a common idea in organisational literature in general, and in management literature in particular. A successful organisation can be seen as one which knows what it is trying to achieve and is able to harness the efforts of each individual to doing so efficiently (Beardshaw & Palfreman, 1990 p. 30). The notion that the general objectives of the organisation are refined and restated for each tier down to the individual is also central to this notion of organisational efficiency and success (Drucker, 1977, pp90-94). In reality though complexity of objectives, conflicting objectives in different parts of the organisation, poor communication and concealed objectives inhibit the clarity and uniformity of purpose which is seen as the hallmark of the efficient organisation (Drucker, 1977, p.342: Handy, 1985, p. 238: Beardshaw & Palfreman, pp 30-32).

Beardshaw & Palfreman (op.cit p. 33 - 34) also develop the concept of types and levels of objectives, pointing to the distinctions between fundamental or general objectives and specific objectives. This provides a useful way of looking at the inter-meshing of the broad or strategic objectives of government and the specific objectives of individual programmes.

Also the issue of uniformity is one on which some management theorists differ. For instance Lawrence and Lorsch (1967) identify the value of what they call internal differentiation in relation to changing markets or technology. Perhaps more relevantly, as far as this study is concerned, Handy (1985, p300) sees the pressure of regional diversity as a factor which may favour differentiation of objectives.

The following two sections, therefore, seek to examine the trends in the two research sites in respect of clarity of objectives. In particular these sections seek to clarify a number of questions. Firstly, how specific were the stated objectives for particular initiatives or groups of initiatives? Secondly, how consistently did individuals throughout the policy system interpret the objectives of various policy initiatives? Finally, what changes took place over time in terms of uniform interpretation of objectives?

5.3 Clarity of objectives in the Victorian policy network

As I discussed in chapter 4, the main developments in management training in Victoria were dominated by a focus on small business as opposed to more general management training. This raises the question as to whether the disparity in progress was consistent with or contrary to policy intent. In section 1.7 I also reviewed the main government documents which articulated official thinking on management training priorities. Based on these documents, four main observations seem relevant.

Firstly, management training was consistently identified as an economic policy objective supporting internationalisation and modernisation of the Australian economy (National Board of Employment, Education and Training, 1990 & 1991: Commonwealth of Australia, 1991b). References to re-distributive or social objectives are conspicuous by their absence. This is also broadly true of policy statements on management training for the small business sector (Bureau of Industry Economics, 1988). However, there are implicit if not explicit references to re-distributive and social objectives for policies in this area marked largely by references to the impact of small business training on employment opportunities (Office of Labour Market Adjustment 1992).

Secondly, whilst management training in general emerges as a clear policy objective for the Commonwealth government, I could find no references to this in Victorian State government policy statements or issues papers except in the specific context of small business.

Thirdly, the small business sector is consistently singled out as requiring special assistance (Commonwealth of Australia, 1990, p.22: National Board of Employment, Education and Training, 1991, p.16: Commonwealth of Australia, 1991b, p.15).

Finally, the general acceptance of the priority of the small business sector had been translated into more refined policy objectives and operational strategies both at Commonwealth and Victorian state government level (Department of Employment, Education and Training/Department of Industry Trade and Commerce, 1991: Commonwealth of Australia, 1990: Bureau of Industry Economics, 1991: State Training Board of Victoria, 1991,p.6).

If programme development was broadly consistent with policy priorities, there was also a high degree of consistency of objectives at all levels of the policy system.

The following table summarises the responses which the structured questionnaire elicited about the priority which respondents thought government attached to management training generally and to the specific area of small business management training.

Table 5.1

Importance of management training initiatives : Victoria (% rating)

Perceived priority in terms of government's VET policies	very important % Total	important % Total	fairly important % Total	not very important % Total	not at all important % Total
Management training and development	56	25	10	8	nil
Small business management	79	15	5	nil	nil

N = 102

The reported importance of management training in government training policy lags behind that of management training for small business but this is perhaps more marginal than might have been expected from the analysis of policy documents or the chronology of programme development. However, only two of the responses attached a higher priority to management training than to small business management training. The majority consistently attached higher priority to the latter and a small minority attached equal priority. With hindsight, this question on the structured questionnaire might have been worded to elicit responses which differentiated between state and Commonwealth policy objectives or the changes which took place over time. However, the following analysis gives some insight into the latter and suggests that, broadly speaking, the reform of the adult training system saw an increase in uniformity of objectives in the Victorian policy system.

As I discussed in section 5.1, objectives can exist at numerous levels in any organisational system, but in the case of government policy objectives it is useful to distinguish between strategic objectives and the way these are articulated into specific programme objectives. The latter level of analysis is also useful in that it can give some insight into how the objectives which have been articulated into new programmes may have changed over time.

The following table summarises the responses to the postal questionnaire which asked respondents to indicate how important they thought different categories of policy objectives were for the initiative with which they had been most involved. It should be noted that the questionnaire data was supplemented at interview allowing interviewees to comment on the importance of objectives in relation to different initiatives. The numbers of responses for each initiative, therefore, varied and are indicated in the key to the table. The numbers relating to specific initiatives are relatively small, but I have expressed these as percentages in order to facilitate comparison with the equivalent Scottish data.

Table 5.2 Importance of policy objectives : Victoria (% rating)

OBJECTIVE	Very important % Total	Important % Total	Fairly important % Total	Not very important % Total	Not at all important % Total
Helping the economy by improving the skill level of the workforce	a = 25 b = 59 c = 67 d = 2	a = 21 b = 40 c = 24 d = 2	a = 14 b = 0 c = 8 d = 0	a = 19 b = 0 c = 0 d = 35	a = 21 b = 0 c = 0 d = 61
Alleviating the effects of industrial/economic restructuring	a = 21 b = 0 c = 63 d = 0	a = 17 b = 0 c = 27 d =0	a = 21 b = 9 c = 5 d = 5	a = 14 b = 44 c = 2 d = 35	a = 27 b = 46 c = 2 d = 59
Helping particularly disadvantaged groups	a = 17 b = 0 c = 82 d = 60	a = 14 b = 0 c = 10 d = 41	a = 25 b = 0 c = 8 d = 0	a = 25 b = 18 c = 0 d = 0	a = 18 b = 82 c = 0 d = 0

Key: a = Victorian state TAFE delivered initiatives prior to training reforms (n = 55): b = Victorian state TAFE based initiatives following reforms i.e. catalytically funded initiatives (n = 60): c = NEIS (n = 75): d = Skillshare (n = 72)

This analysis suggests an absence of clear consensus about the objectives of Victorian state TAFE delivered management training prior to 1987. This is in marked contrast to the main Victorian state and Commonwealth government initiatives following 1987 where interpretation of programme objectives is clearly polarised. Victorian state intervention is consistently seen as having principally economic objectives, whilst there is clear consensus about the social objectives of Skillshare. There is equally strong consensus about the objectives of NEIS, however, this programme appears to be less specifically targeted than the other post-reform programmes in that economic, social and redistributive objectives carry equally high importance.

Documentary sources largely support these results.

Programme specific information for the period prior to 1987 supports the conclusion that there was no clear set of objectives for Victorian government management or small business training programmes. In fact the 1986 annual report of the Victorian Department of Labour makes no mention of the issue. The 1986 model operating contract for TAFE colleges contains a single reference to the provision of business training and the 1986 Victorian Year Book does refer to training for the small business sector under the GIANT scheme, but does not distinguish management from general skill training (Victorian Department of Labour, 1986: Victorian Government, 1986). Perhaps this in itself confirms the evidence which I discussed in section 4.5 about the absence of any clear co-ordinating focus at Victorian state level.

Following 1987, documentary sources on the programmes run by the Office of the State Training board i.e. Small Business Centres, Customised Courses and ITB direct support to industry are expressed principally in terms of their economic objectives (see for example Office of the State Training Board, Performance Indicators 1988-1991: State Training Board of Victoria, Strategy for Small Business Training, 1990). However, interestingly, the Industry Training Board short course programme did also include a specific social objective related to cost and accessibility to those on marginal incomes (Office of the State Training Board, 1991, p.8).

The formal programme objectives for Skillshare are similarly consistent with the respondents perceptions of objectives in that they stress targeting the most disadvantaged groups of unemployed people who may not have ready access to other sorts of employment, education or training assistance (Commonwealth of Australia 1991d, Department of Employment, Education and Training 1989a, 1990a).

NEIS is perhaps a more complex case study in that its formal programme objectives stress both assisting the unemployed and the economic potential of creating viable new businesses (Commonwealth of Australia 1991d), but it is not classified or described in terms of labour market adjustment in spite of the fact that more than 90% of respondents thought that it was important or very important in that regard.

The question of objectives was explored in more depth in the face to face interviews and I have used the qualitative data which emerged from this part of the fieldwork to supplement the questionnaire responses. The interview material relating to programme objectives supports the overall conclusion that the period prior to 1987 was characterised by a lack of clarity about both strategic and programme objectives in relation to management training as the following typical extract illustrates:

> "There was mounting evidence from research that lack of management training was an important factor in business failure, especially small business.....I don't really think though that the TAFE system was particularly focused on whether the priority was to help individuals or provide a skilled labour force for industry.....TAFE was the major provider but, in general, colleges were just left to get along with things as best they could.....it wasn't really until we got seriously into macro-economic reform that we really had to focus on how our training system was contributing to the effort".
>
> (Interviewee 43V)

However, as this extract suggests, this was symptomatic of the absence of any such objectives rather than the inability of the policy system to achieve clarity. The period following 1987 is strikingly different in this regard in terms of the emergence of consistency of both strategic and programme objectives throughout the policy system. Interestingly, this consistency co-exists with the emergence of regional differentiation of objectives. Thus, for instance:

> "What followed was a lengthy and sometimes secret re-negotiation of state and commonwealth roles.....that is one thing which you have to understand about the federal process, everything gravitates towards consensus. It is an enormously slow process involving the states and the commonwealth exploring the boundaries of their respective responsibilities, but it does ultimately lead to greater clarity of objectives."
>
> (Interviewee 21V)

This clearly raises questions about the process by which agreement was reached on the objectives of specific programmes and sections of the policy community during the transitional period and about the accompanying communication processes within the policy system, and I shall return to both these issues later in this chapter.

One deficiency of the questionnaire was that whilst it asked respondents about the relative importance of social, redistributive and economic objectives, it did not specifically ask about political objectives although parts a) and b) of question 18 were phrased as open ended questions which gave respondents the opportunity to comment on government priorities. These responses were analysed using a form of content analysis (1). The following table represents the percentage of individuals who expressed a view that government policy for management or small business management training was based on the priorities indicated by the main headings.

Table 5.3 Perception of government priorities: Victoria (% respondents)

Government priority	Economic	Social	Re-distributive	Political	Misc.
Management training and development	86	19	5	2	13
Small business management	92	32	19	2	9

N = 102

N.B. Responses from individuals were coded in more than one category

Whilst these results do not distinguish between the pre and post reform period, they are supportive of the view that overall the Victorian network was characterised by general consensus about strategic and programme objectives in spite of the lack of focus which I have argued was typical of the period prior to 1987. Also, as I argued in chapter 4, there were political sensitivities around the respective roles of the Commonwealth and Victorian state governments in relation to vocational training but these do not appear to be reflected in policy objectives although, as I discussed in section 4.6, the delivery mechanisms for both Skillshare and NEIS were seen as politically significant and somewhat controversial.

5.4 Clarity of objectives in the Scottish network

As I discussed in section 4.7, the move away from management training in general to an emphasis on small business mangement training was evident even at the outset of the period which I studied. As in the Victorian network, this was consistent with documentary sources which reflect government's policy intentions in the area (Manpower Services Commission, 1981a, 1982a, 1983a, 1984a). However, the following results are interesting in that they suggest that network members did not share the same clarity of understanding with regard to policy intent.

Table 5.4
Importance of management training initiatives: Scotland (% rating)

Perceived priority in terms of government's VET policies	very important % Total	important % Total	fairly important % Total	not very important % Total	not at all important % Total
Management training and development	21	33	28	12	5
Small business management	27	30	17	18	6

N = 145

Three main observations arise from the above.

Firstly, the results are more dispersed than the Victorian equivalents. Secondly, in spite of the dominance of small business management training programmes, this lags slightly behind management training in general in terms of respondents' perceptions of government vocational education priorities. Thirdly, a surprising 24% thought that small business management training was either not very important or not at all important. This compares with a nil response in the corresponding Victorian responses at Table 5.1.

The following table summarises respondents views of the importance of different policy objectives for specific initiatives. As with the Victorian data, these responses were gathered through the postal questionnaire and were supplemented at interview. As with the table of equivalent Victorian data, response levels for each initiative are indicated in the key to the table.

Table 5.5 Importance of policy objectives: Scotland (% rating)

OBJECTIVE	Very important %total	Important %total	Fairly important %total	Not very important %total	Not at all important %total
Helping the economy by improving the skill level of the workforce	a = 79 b = 51 c = nil d = 22 e = 19 f = 35 g = 21 h = 56	a = 19 b = 32 c = nil d = 23 e = 18 f = 16 g = 21 h = 29	a = 2 b = 16 c = nil d = 15 e = 29 f = 12 g = 21 h = 14	a = nil b= nil c = 45 d = 29 e = 19 f = 36 g = 21 h = nil	a = nil b = nil c = 54 d = 10 e = 14 f = nil g = 15 h = nil
Alleviating the effects of industrial/economic restructuring	a = nil b = nil c = 2 d = nil e = nil f = 23 g = 15 h = 2	a = nil b = 5 c = nil d = 2 e = 1 f = 39 g = 16 h = 19	a = nil b = 2 c = 17 d = 28 e = 18 f = 19 g = 53 h = 14	a = 10 b = 37 c = 33 d = 15 e = 34 f = 19 g = 10 h = 34	a = 89 b = 55 c = 47 d = 54 e = 46 f = nil g = 6 h = 29
Helping particularly disadvantaged groups.	a = nil b = nil c = 60 d = nil e = 24 f = 14 g = 15 h = 2	a = 9 b = nil c = 21 d = 3 e = 25 f = 8 g = 15 h = nil	a = 18 b = 5 c = 18 d = nil e = 19 f = 33 g = 15 h = 24	a = 66 b = 65 c = nil d = 70 e = 18 f = 27 g = 38 h = 19	a = 8 b = 29 c = nil d = 26 e = 12 f = 16 g = 15 h = 53

KEY: a = Higher level management courses under TOPS (n = 39): b = Training Within Industry (n = 41): c = Bridge (n = 59): d = Business start-up training prior to Training for Enterprise (n = 60): e = Management and Graduate Extension Programmes (n = 34): f = Enterprise in Employment Training (n = 79): g = BGT 2 (n = 61): h = BGT 3 (n = 65)

This analysis reveals two significant trends.

Firstly, perceptions about programme objectives become more widely dispersed over time, suggesting that clarity of objectives was decreasing. There is fairly evident clustering of responses in relation to Higher Level Management Training under TOPS, TWI and the Bridge Programme. Even before the first major reform of the adult training system, the small business start-up programmes reveal a fudging of objectives in that there is still a degree of consensus about the importance of redistributive and social objectives, but responses in relation to the economic objectives are somewhat more widely dispersed. This trend is much more evident in relation to Enterprise in Employment Training where there is an absence of clear consensus about objectives in any of the three categories. This also applies to the smaller scale BGT 2 initiative although there is more significant clustering of responses in relation to BGT 3.

Secondly, there is a trend towards less specific targeting of initiatives. For instance TOPS and TWI are seen as principally economic measures whereas the Bridge Programme is seen as being targeted specifically on disadvantaged individuals. This is in marked contrast to the later programmes which respondents reported as having a similar emphasis on all three sets of objectives, with the exception of BGT 3 where social objectives were perceived as being not particularly important.

This brings me to the issue of political objectives which proved to be insignificant in the Victorian network. Analysis of the open ended questions numbered 18a and 18b gave the following results for those respondents who thought that management and/or small business training was high on the government's list of priorities (see note 1).

Table 5.6

Perception of government priorities : Scotland (% respondents)

Government priority	Economic	Social	Re-distributive	Political	Misc.
Management training and development	72	5	2	nil	26
Small business management	32	43	24	51	18

N = 145

N.B. Responses from individuals were coded in more than one category

These results do reflect clearer consensus about the MSC's economic objectives in relation to management training although the responses in relation to small business

management are consistent with the wider targeting of programmes which I discussed earlier. However, what is interesting is the substantial percentage of respondents who described objectives at least partly in political terms. Broadly speaking, these related either directly to the government's ideological stance on free enterprise or indirectly to political gains which might be made at the ballot box if the government was seen to be offering large scale opportunities to the unemployed. For instance:

> "It was clearly designed to promote the idea of an enterprise economy".
>
> (Respondent HA4)

And:

> "It was part of the overall strategy of being seen to do something about unemployment. Given that there were very few jobs, this was part of an alternative strategy."
>
> (Respondent LBB1)

This emphasis on political objectives is noticeable by its absence in relation to management training more generally. Not surprisingly a significant minority of respondents (19%) said that management training and development was not high on the MSC's list of priorities and approximately half of these said that this was because it did not match the political interests of government in that "it simply did not run with the political tide" (Resp.CB1) and " it did not have the ability to move vast numbers of people off the dole in the way that enterprise training had." (Resp. LA24).

I will return to the issue of the apparent politicisation of small business management training in the final chapter. However, as far as the discussion about clarity of objectives as a dimension of efficiency is concerned, the evidence suggests that uniformity of policy objectives decreased in the policy network as the period which was studied progressed. However, this raises the question of whether this was due to the inability of the policy system to communicate objectives to its members or to the choice which was made to locate the bulk of small business management training within Employment Training with its arguably deliberately fudged objectives.

However, if the Victorian data raised questions about the collaborative process within the policy system, the Scottish data suggests that this sort of process was absent. This in itself points to an aspect of Australian federalism which may carry significant

lessons for the future management of a decentralised Scottish system. I will, therefore, return to this theme in the remainder of this chapter and in chapter 6.

5.5 Regulation as a dimension of efficiency

The relationship between standardisation of decision making and organisational efficiency is by no means clear or unproblematic. As I discussed in section 2.5, Weber's classic bureaucratic model is still a central reference point for discussion about dimensions of organisational efficiency. In Weber's model, impersonality is supported by the existence of rules which prevent arbitrariness and favouritism and promote economies of scale in operation. However, more controversially Weber claimed that the defining characteristics of bureaucracy were also necessary conditions for administrative efficiency; that is that his definitional model was also a normative model (Beetham in Thompson et al,1991, p 135).

Subsequent sociologists have seen standardisation of decision making procedures as somewhat more ambiguous and suggest that adherence to bureaucratic norms can produce dysfunctional effects. In particular, adherence to rules can become inflexibility and bureaucratic indifference (Beetham in Thompson et al. p 133). Handy recognises the inherent ambiguity seeing rules and regulations as symptoms of organisational conflict (Handy, 1985, p 235), examples of tactics used by conflicting parties (p. 244) and a means of containing conflict (p.251), but only in the sense that regulation of conflict often legitimises it and, therefore, perpetuates it in the longer term. This ambivalence is also recognised by Beetham (in Thompson et al eds,1991, p.132-133) when he recognises the ability of systematic methods for changing rules to free the administration from the inflexibility of tradition whilst dealing with a large number of cases in a uniform way by means of categorisation and the inherent tendency of officialdom to promote officiousness and similar pathologies.

However, perhaps the greatest deficiency of Weber's model, and by association the acceptance of rules and regulations as a normative element of efficiency, is its failure to deal with the issue of uncertainty. As Ouchi (in Thompson et al eds 1991, p.254) says:

> " A rule is specific to a problem and, therefore, it takes a large number of rules to control organizational responses. A decision maker must know the structure of the rules in order to apply the correct one in any given situation. Moreover, an organization can never specify a set of rules which cover all possible contingencies. Instead it specifies a smaller set of rules that will cover routine decisions, and refers

> exceptions up the hierarchy where policy makers can invent rules as needed. As Galbraith (1973) has pointed out, under conditions of uncertainty or complexity the number of exceptions becomes so great that the hierarchy becomes overloaded and the quality of decision-making suffers."

Handy (1991 pp125-157) describes the phenomenon of the "Apollonian impasse", seeing a dilemma between an organisation's drive to achieve consistency and the need to alleviate overload by de-centralising power.

However, it is precisely because of some of the controversy about the relationship between efficiency and regulation that it is interesting to explore this issue in relation to this research project.

Firstly, in spite of arguments about bureaucratic ossification, acceptance of the concept of regulation as a means of exercising control and reducing transaction costs is central to most sociologists' writings on the issue (Beetham, Jacques and Ouchi in Thompson et al eds, 1991: Handy, 1991). Rather, their concern is focused on over-regulation as an impediment to responsiveness. Clearly any measure of responsiveness is contingent upon environmental factors and this raises the question of the appropriateness of any given structure for its purpose and environment or the extent to which efficiency is an impediment to effectiveness (Beetham in Thompson et al eds, 1991).

Secondly, the concepts of over-regulation and bureaucratic ossification are often associated with centralisation (Handy, 1991,p.134) and this raises interesting questions not just about the extent to which regulation occurs in any given organisational system but also about the levels at which such regulation occurs.

For these reasons the analysis in the following two sections focuses not just on the existence of clear operating rules and procedures for the programmes which were implemented in the two research sites, but also on the levels at which such regulation was initiated and enforced. The extent to which regulation enabled or impeded effectiveness will be explored in the following chapter.

Assessing the extent to which decision making was standardised was not without its problems. Clearly the most obvious sources of data on the existence of rules and regulations was the various programme handbooks and other forms of operating guidance. However, this source was defective in two main ways. Firstly, documentary evidence was likely to be less comprehensive for older programmes and exclusive

reliance on this source would have given an unbalanced view of how levels of regulation had changed over time. Secondly, the existence of comprehensive procedural guidance does not necessarily reflect the actual basis of decision making. Given that my real interst lay in establishing the extent to which decision making was actually standardised, I have drawn mainly on qualitative data obtained during the course of the face to face interviews, although I have also based my analysis on an admittedly impressionistic overview of the programme guidance in the two sites.

5.6 Regulation in the Victorian network

In terms of documentary evidence, the Victorian policy system appeared to have moved from an almost complete absence of regulation in relation to management training programmes to a more highly regulated approach to decision making. Interestingly, the levels of procedural guidance were greatest in the socially orientated NEIS, Skillshare and Aboriginal business development programmes than in other, more economically orientated programmes.

There also appeared to be an interesting contrast between those programmes which were state government initiated and those which were wholly or partly run by the Commonwealth government. Documentary regulation of the TAFE based management training provision was limited to an annual operating contract between the Office of the State Training Board and the institution concerned which specified financial and eligibility criteria but which left issues related to programme design largely unspecified. One obvious exception to this was provider accreditation which had comprehensive regulations at Victorian state level. However, where NEIS and Enterprise in Skillshare were concerned, I found detailed documentary regulations on eligibility, funding and programme content (Department of Employment, Education and Training 1991c: Department of Employment, Education and Training 1991d: Department of Employment, Education and Training 1991e: National Skillshare Association 1991), and it is highly likely that I surveyed only a proportion of the operating guidance in use at national, state and area level.

There was also an interesting contrast between state and federal programmes in terms of the level at which regulation was produced.

Federal programmes were characterised by a high degree of regulation from the centre. With one exception, all of the programme operating guidance which I reviewed had

been written at national level by officials of DEET for implementation at national level or, more commonly, at state or area level. The one exception was the NEIS Information for Prospective NEIS Managing Agents (1990). However, beyond the first two pages this document essentially replicated provider regulation written in Canberra.

Victorian state provision by contrast appeared to be less highly regulated from the centre with little documentary evidence of regulation by the Office of the State Training Board and its predecessor organisations. I return briefly to this issue later in this section.

However, overall, the trend towards increased standardisation of decision making was seen as necessary and even helpful in 3 main ways.

Firstly, network members (Interviewees 1V, 26V, 17V, 9V, 13V, 2V, 21V, 23V, 24V, 47V) saw this as a key mechanism in maintaining the delicate balance between the Victorian government and the Commonwealth government, particularly in relation to those programmes which had the potential to provoke conflict such as that which led to the Victorian state government withdrawing from NEIS in 1987 as the following selected quotations illustrate:

> " I can sign off £35 million for TAFE, but when it comes to NEIS or Skillshare, everything has to be done by the book.....Basically the federal system in Australia is very inefficient because everything has to be agreed at a very senior level.....NEIS and Skillshare are prototypes for co-operation between the state and the commonwealth.....Negotiating and agreeing clear guidelines is an essential part of the process, otherwise every bit of progress would take years. "
>
> (Interviewee 23V)

Similarly:

> " Officials are absolutely terrified to move on their own initiative unless they have absolutely clear programme parameters."
>
> (Interviewee 24V)

In this sense then the presence of regulation was broadly seen as reducing the inherent inefficiency of the federal system and of managing conflict in shared policy areas. However, the level of regulation in provider accreditation was not viewed in such a positive away and can perhaps be interpreted as a response to conflict rather than a means of managing it (Interviewees 9V, 2V, 6V, 17V, 23V, 29V, 12V, 20V, 39V, 41V). The following selected quotations are typical of views on this issue:

> " The whole issue of becoming accredited to offer recognised vocational qualifications is a very sore point with Skillshare providers.....the rules have been specifically constructed to make it virtually impossible for anything other than TAFE providers to get through.'
>
> (Interviewee 9V)

And:

> "Accreditation is a state responsibility.....the trouble is that they don't really feel comfortable about non-TAFE providers and are using the accreditation process to block, or at least to slow down progress with the Commonwealth reforms of the training system".
>
> (Interviewee 2V)

Victorian state officials confirmed the view of providers and commonwealth officials. For instance:

> "There has been a great deal of controversy about the accreditation system. Some people believe that this should be done by an independent body - as it stands the same agency which runs the state system also runs the accreditation process. I can understand that point of view but now is not the time to push that issue. Joan Kirner has been very supportive of the commonwealth training reform agenda, but at a practical level we are still very suspicious about some measures, like using non-TAFE providers. The rules on accreditation are one way of keeping control over the whole process."
>
> (Interviewee 28V)

Increased regulation was seen in a positive light in a second way in that it was seen as one way of increasing delivery against a background of limited expertise (Interviewees 29V, 28V, 21V, 24V, 10V, 16V, 19V,). Thus, for example:

> " The Commonwealth Employment Service may be enormous, but it can hardly claim to have much expertise in training. This must be

particularly true of small business management. How many career civil servants know about that? We didn't need to know about either when we were delivering wage subsidy programmes. At least if the experts in Canberra produce detailed guidance, we can meet our responsibility to deliver these new programmes."

(Interviewee 19V)

Paradoxically, the low level of documentation relating to TAFE delivered programmes was one indicator of a de-regulating trend at Victorian state level which was related to a much needed rationalisation of the system and a drive for increased efficiency which was achieved through devolution of management responsibility (State Training Board, 1991, p.11). Thus:

" In the middle of the eighties, Victoria had one of the most expensive training systems in Australia. Now we have one of the most efficient. We have been able to expand training places at a much faster rate than the national average and at lower unit costs.....The performance contract which we have introduced for the small business centres is one example of the devolved management which we now operate. Five years ago we would have been involved in all sorts of routine decision making like authorising payments and checking the eligibility of trainees."

(Interviewee 28V)

And similarly:

"The performance contract has really slimmed down the bureaucratic surplus in the state training system.....It provides us with accountability and control, but without the endless checking and processing".

(Interviewee 15V)

However, the reduction of regulation at the level of the Office of the State Training Board did not necessarily point to a de-regulation of the entire TAFE system and there was some evidence that the rationalisation had simply shifted the responsibility for applying regulations to the level of individual TAFE colleges or units within them. I interviewed only two TAFE providers. Both of them were involved in the provision of NEIS and management training more generally and in the operation of Small Business Centres (Interviewees 27V & 1V). Both of them referred to programme rules as enabling and stressed the freedom which devolved administration gave them.

However, none of my interviewees was engaged in TAFE college administration, so there is a gap in the data here. On reflection, it might also have been useful to explore the issue of regulations written by the individual TAFE institutions as mechanisms for regulating their own activities given the high level of decentralisation.

Overall then the modest increase in regulation which had occurred in the Victorian system was associated with general trends towards more efficient operation and reduction of duplication, overlap and conflict and has to be seen in the context of the re-negotiation of the roles of the respective levels of government. In the majority of cases increased regulation supported devolution of operational responsibility, in the case of the Commonwealth government, to its own Area Offices and to providers of programmes; and in the case of the Office of the State Training Board, to the TAFE colleges.

5.7 Regulation in the Scottish network

The trend in the regulation of the Scottish system is somewhat less consistent than the pattern which emerged in the Victorian network, with some programmes apparently being de-regulated and others moving in quite the opposite direction. In one sense, perhaps, this is not surprising given the larger portfolio of management training programmes being operated in Scotland. In another sense, though, it is surprising given that de-regulation, particularly of the public sector was very much the watchword of the Conservative administration and one might, therefore, have expected a consistent trend towards de-regulation in all areas. However, five trends do emerge and these are summarised below.

Firstly, those programmes which offered direct support to industry were perceived by interviewees as having become less regulated (Interviewees 1S, 6S, 19S, 22S, 32S). The main developments which took place in direct training support to industry were outlined in sections 4.7 to 4.9, and space does not permit me to repeat that account here. However, as far as standardisation of decision making was concerned, it is perhaps not surprising that levels of regulation decreased progressively as structured programmes such as Training Within Industry and the Key Training Grants scheme gave way to the more experimental demonstration projects, the Managing Company Expansion Scheme and finally into options 3, 4 and 5 of the Business Growth Training Programme.

However, it is worth exploring the terms in which interviewees regarded the system as having become less regulated. In fact, there was little or no change in relation to the level of regulation in respect of the total amount of funding which was available to individual companies (Interviewees 1S, 6S, 22S, 24S, 35S). What did become de-regulated overall was the basis on which support could be granted (Interviewees 5S, 3S, 10S, 24S) as the following selected quotations illustrate:

> "Although whole thrust of programmes like MACE, LCP, LDP and latterly BGT was that we were moving towards a more catalytic form of funding. There were broad guidelines and there was a top limit in terms of the funding which was available, but there were fewer rules about what could actually be funded."
>
> (Interviewee 8S)

Similarly:

> " TWI and the Key Training Grants Scheme were programmes which we managed and administered. There were very clear rules for support, but the initiatives which followed were completely different in that the emphasis moved from administering rules to providing a flexible basis for support.....Essentially BGT 3 funding was for the production of a business plan and a human resource development plan, I have seen some human resource development plans which ran to 100 pages and some which ran to 3 pages.....we didn't specify what they had to produce in order to obtain the funding."
>
> (Interviewee 6S)

Whilst the overall trend was towards de-regulation, BGT 3 was seen as being more prescriptive than its predecessor MACE (Interviewees 3S, 20S, 7S) as the following quotation illustrates:

> " There was one very significant difference between MACE and Option 3 and that is that we had the realisation that with MACE all we were doing was giving the consultants £15,000 to do - well - good things. With BGT 3 we had to tighten up on what we were contracting for and we built in a broad specification that certain things had to be produced at each stage. For instance, after the first 3 months the company had to produce a preliminary plan for change."
>
> (Interviewee 20S)

However, this slight reversal of the overall trend was simply a reaction to the expansion of the small scale MACE programme (Interviewees 20S,7S), but there was

a more significant sense in which support to industry became more regulated in that company size became a determining factor in eligibility for support (Interviewees 20S, 15S, 1S) reflecting the government's ideological stance on support for small business. I return to this issue later on in this section.

Secondly, there was a trend towards tighter regulation of the qualification infrastructure. Although the process was not complete by the end of the period with which this study was concerned, the agreement on equivalence between the Scottish and the English systems paved the way for the development of a series of qualifications in both general management and small business management which were based on competences prescribed by the appropriate Lead Bodies and which in Scotland were controlled both in terms of content and provider accreditation by a single body, the Scottish Vocational Education Council. I will not explore this issue in any depth here since a minority of the network members were involved in this specialised area and because the controversy surrounding the divide between education and vocational training is worthy of a thesis in its own right.

Thirdly, the growth of enterprise training as a significant element of the government's support for unemployed people was associated with a general trend towards tighter regulation if we take management training within the TOPS programme and Enterprise in Employment Training as our starting and finishing points.

As far as TOPS provision was concerned, there were broad eligibility rules for longer length management training programmes which were capable of flexible interpretation (Interviewees 8S, 22S, 1S) which meant that even an employed person could be admitted to a course of study provided that the individual was prepared to give up employment prior to commencing the course. Tightening of regulations on eligibility began with the introduction of the Bridge Programme which placed greater emphasis on the length of unemployment of the individual (Interviewees 19S, 23S, 4S, 16S). The introduction of the Training for Enterprise Portfolio made a clear distinction between the support which was available for unemployed people and that which was available for employed people, and strict eligibility rules applied to admission to courses (Interviewees 19S, 14S, 23S). In section 4.9 I discussed the problem which the introduction of the New Job Training Scheme presented to enterprise training because it effectively limited eligibility to the long-term unemployed. Interestingly, this problem was partially resolved by the introduction of a waiver rule which could be applied to enterprise training enabling providers to recruit from outwith the priority

groups with the agreement of the Area Office of the MSC, although the requirement to be registered as unemployed still applied. This flexibility was carried forward to Enterprise in Employment Training but was ultimately removed in 1988 (Interviewees 15S, 13S).

Regulation over content and monitoring of delivery also increased. For instance, the content of TOPS longer length courses was largely left to the providers to determine although there was an element of negotiation around the inclusion of certain elements (Interviewees 1S, 6S, 22S, 19S). Monitoring was a very subjective process involving field officials sitting in on classes but with no specific criteria against which to measure the quality of provision. However, the increasing trend towards small business management training saw the production of specific course models by MSC Head Office (Interviewees 6S, 7S, 22S) and monitoring increasingly became linked to adherence to a specified design framework, consistency with nationally recognised management competences and latterly to a quality audit process called Review of Training Arrangements (R.O.T.A.) which was developed by the MSC and applied to all its training providers (Interviewees 4S, 13S, 23S).

Fourthly, these different trends were associated with a marked reduction in the level of regulation effected by Office for Scotland. This is most obviously demonstrated by the erosion of Office for Scotland's early control of the spread of management training provision at local level. As I discussed in section 4.7, longer length management training courses were strictly regulated by Office for Scotland within the context of a strategic plan for the Scottish labour market. Field staff were free to negotiate prices but the decision on virtually every course or individual applicant was tightly regulated (Interviewees 1S, 23S). By the time that the Training for Enterprise Portfolio was introduced, Office for Scotland had ceased to produce detailed instructions on the levels of this type of training which any field office could contract for, although an annual bidding and allocation process did regulate the total amount of provision going into the Training for Enterprise Portfolio and into each constituent element (Interviewees 6S, 13S, 22S, 1S, 5S). Enterprise in Employment Training developed this trend even further. Only overall financial and training delivery targets were specified by Office for Scotland and Area Offices leaving the latter free to negotiate the local spread of management training provision along with all other occupational groupings.

It was this rather contradictory increase of regulation around individual eligibility along with the total absence of strategic control of provision which many respondents regarded as being disabling rather than enabling (Interviewees 1S, 6S, 22S, 23S 13S, 11S). The following quotations from an admittedly highly critical provider and an MSC official are, nevertheless, representative:

> " The introduction of inflexible rules on eligibility essentially drove us out of business. We had built up our business around retraining redundant executives, but local demand simply did not match the government's priority groups. We constantly had to turn away people who were ideally suited to our courses because they were ineligible under the new rules."
>
> (Interviewee 11S)

> "The eligibility rule changes had a significant impact on the whole enterprise portfolio. The main problem was that we had been able to offer newly unemployed people the opportunity of training to run their own businesses at a point when they had both the motivation and the capital to embark on a risky venture. By the time that these individuals had been unemployed for 6 or 12 months, it was a much more daunting proposition from every perspective, particularly since the period of unemployment had usually placed enormous financial strains on people.....experienced managers were perhaps less disadvantaged in that they had skills which retained their currency, but the tighter eligibility conditions did place providers under much greater strain in terms of the limitations on who they could recruit and the problems which they faced in placing trainees with employers."
>
> (Interviewee 8S)

Overall, the policy system of 1988 has to be viewed as generally more highly regulated than that of 1981 given the scale of programmes for the unemployed against those which directly supported industry. However, the changing nature of regulation can perhaps be more clearly understood if viewed in terms of increased central control of policy direction supported by devolution to local level and sub-contraction of implementation and the introduction of market forces to the process of purchase and supply of training provision. In other words the increased levels of regulation can be seen as a means of ensuring that government priorities which shifted from the promotion of small business to the targetting of specific groups of unemployed people would be enacted through an increasingly inter-organisational and fragmented delivery network.

5.8 Information transfer as a dimension of efficiency

If the existence and adherence to procedure is a means of reducing transaction costs and thus of improving efficiency, the way in which information is transferred within an organisational system is also significant from this perspective. In chapter 2, I discussed the modifications which subsequent sociologists have made to Weber's original bureaucratic model in the light of the emergence of new forms of organisation and the influence of the human relations school.

One perspective which has emerged sees organisations as communication systems in which the efficient transmission and processing of information is necessary for effective decision making (Beetham in Thompson et al eds 1991). Typically, concern with information transfer centres on the ability of the system to communicate upwards, downwards and laterally and to sift information so that it is directed towards the part of the organisation which requires it. This view suggests a degree of restriction of information so that each individual or section of the organisation has only sufficient information for a given task to be executed (Kaneko & Imai, 1987) and a formalisation of communication systems to ensure the appropriate directional flow of information.

That is not to say that organisations which consciously manage their information flows are necessarily more successful. For instance, Beardshaw and Palfreman (1990) define formal communication as "communication arranged and approved by management e.g. board meetings and inter-departmental committees" and informal communication as " unofficial and unplanned, e.g. the company 'grapevine'." (op cit, p.40). They go on to point out that many organisations promote the latter, believing that more or better information can be transferred in this way.

Arguments for organisational decentralisation are also crucial here. Hierarchy has a structural tendency towards downward information transfer to the exclusion of upward or lateral communication Their pyramidal structures create enormous potential problems of overload in processing information upwards and they require sophisticated systems for sifting and transmitting information which increase the internal costs of decision making (Beetham in Thompson et al, p 134). This is the argument for decentralised types of organisations where decision making is pushed downwards to the point at which the information is available to make them.

There are, therefore, three key questions here. Firstly, what were the structures of the two respective communication systems and were there significant differences between the highly centralised British system and its federal Australian equivalent? Secondly, how did these systems compare in terms of their tendencies towards formal or informal links and did these tendencies change over time? Finally, was there any evidence that these systems experienced significant problems with information transfer in terms of the content, timing or directional flow of information?

The question of information transfer is potentially an enormous area given the vast range of topics about which individuals in the system might communicate and the possibility that communication patterns on different issues might vary significantly. For that reason, I have taken the issues which were specified on the communication grid of the postal questionnaire as my starting point and the following analysis is based substantially on the subsequent elaboration of responses to this question which individuals gave at interview together with observations which they made of the general trends in information transfer.

5.9 Information transfer in the Victorian network

The reader will recall that in section 4.4 I discussed some of the overall structural characteristics of the Victorian policy network, and sections 4.5 and 4.6 discussed some of the main trends in the structural configuration which were associated with the reform of the adult training system. Section 4.10 also came to some preliminary conclusions about the main changes which took place during the period of the study, namely that power within the network remained highly dispersed in spite of the overall trend towards organisational centralisation and hierarchical integration and that the process essentially involved a re-negotiation of roles and responsibilities rather than the ascendancy of any one interest group.

This raises some interesting questions about the communication systems which supported this complex decision making process and whether the patterns of communication which were associated with the pre-reform 'policy maze' were different in their structure or relational content from those which were associated with the post-reform period.

At first sight Diagrams 14V and 15V and Appendix 10 suggest a reduction of inter and intra organisational communication and a reduction of the density of communication

links. One might, therefore, have been tempted to conclude that this was symptomatic of the reduction of consultation and a trend towards downward transfer of information at the expense of upward or lateral communication.

Paradoxically, the qualitative data suggests two main trends which are not quite consistent with this view. Firstly, there was a type of formalisation of communication patterns which nevertheless retained an emphasis on verbal rather than written communications and which was supported through the establishment of inter-organisational forums at national and state level and the development of a characteristically Australian form of personal advocacy. Secondly, channels of communication were developed between the various layers of government which enabled multi-directional communication and conflict resolution, and again these were characterised by a kind of formality coupled with a heavy reliance on personal diplomacy rather than written communication.

As I discussed in chapter 4, following the Kirby report and the return of the Australian Labour Party to power two main policy objectives emerged for the Department of Employment, Education and Training, namely the development of a uniform system of vocational qualifications across all states and the diversification of the provider infrastructure. Small business training initiatives, principally NEIS and Skillshare, emerged at the forefront of these developments largely because they furthered the latter policy objectives precisely because they were tenable without the development of the former. The role which information transfer played in this process of transition is an illuminating example of the federal process at work.

Information transfer within the pre-reform policy network was "highly informal" (Interviewee 28V) and "relied heavily on telephone or personal contacts" (Interviewee 23V) between network members (Interviewees 1V, 20V, 30V, 3V). Much of this was attributed to the relative smallness of the total policy community (Interviewees 29V,16V,17V,14V), in spite of large geographical distances between network members, the degree of personal familiarity (Interviewees 3V,4V,24V, 27V) and the transferability of officials between state and Commonwealth agencies (Interviewee 23V). The relative exclusion of agencies other than the TAFE system also contributed to the informality of this "club atmosphere" (Interviewee 29V) in which "much of the business between the key players in the TAFE colleges and state officials was transacted in an ad hoc and informal sort of way" (Interviewee 27V).

The emergence of Commonwealth government interest in the area of vocational training inevitably created an enormous potential for conflict in the system. Some writers have attributed balance in the Australian federal system to the existence of inter-governmental forums for the rationalisation of policy (Chapman in Galligan ed, 1988). Formally, the two most important forums for the debate on the proposed Commonwealth reforms were the Premiers' Conference and the National Board of Employment, Education and Training (NBEET), and Diagram 7V does suggest a more inter-organisational approach to policy formulation than to other functions within the policy system. However, a peculiarly Australian process supported the resolution of this debate in these two important institutions. This was described to me as follows:

> "In 1988, a senior official in DEET headquarters in Canberra was seconded from his post to engage in quiet diplomacy over the development of the Commonwealth proposals.....he kept his old job title because in theory we pretended that this wasn't really happening, but in practice everyone knew what was going on.....his job was to talk to senior officials and ministers and try to steer them to some form of consensus.....nothing will be put in writing until that consensus is established because it would simply increase the possibility of impasse and expose conflict".
>
> (Interviewees 21V, 51V)

Similarly high level contacts were established in the NEIS and Skillshare units of DEET offices at national, state and local level and in the Office of the State Training Board to safeguard the integrity of this sensitive process (Interviewees 23V, 29V, 17V, 25V, 26V). The National Skillshare Association was also nurtured by DEET (Interviewee 29V) as a mouthpiece for the provider network. As a very senior DEET official in Melbourne told me:

> "Communication on policy issues has to be at a very high level because of the potential for diplomatic conflict. The process of selecting new Skillshare providers is similarly high level and exclusive because of the sensitivity of community based strategies. It must seem ridiculous to you, but the selection of every one of these providers has been the outcome of lengthy discussions beween myself, the Director in the Office of the State Training Board and the Minister - and that is before we even get the length of getting the organization to complete an application to become a provider."
>
> (Interviewee 23V)

The development of this high-level, formalised, closed and yet highly personalised communication system appears, therefore, to have been a mechanism which had been

quite consciously introduced by senior members of the policy network to maintain balance in a policy area which was increasing in importance and, in particular, to ensure that the inter-governmental forums which were the formal mouthpieces of the participating agencies were not embarrassed by public dissent.

There were some problems of information transfer associated with this rather closed and formal aspect of the communication system. One classic example of this concerned the dissemination of work which had been undertaken by the umbrella organisation NBEET on the development of a curriculum for small business mangement training courses. None of the providers whom I interviewed was aware of this work and all of them complained about the lack of clear information about the whole issue of the development of nationally recognised qualifications in management and small business management. These same providers also complained about lack of information about the future development of the programmes which they were operating, particularly the possible expansion of NEIS (Interviewee 1V). One respondent with whom I discussed this issue remarked wryly:

> "It's hunger and burst in our system.....some things seem to disappear in a black hole.....the issue of nationally recognised qualifications is one such issue at the moment.....no one knows what is going on.....once consensus is reached, it will all be crystal clear. In the meantime we just have to muddle along and hope that eventually the way forward will become clear".
>
> (Interviewee 21V)

With this exception communication processes within the Victorian network retained strong personal and informal characteristics (Interviewees 21V, 25V, 30V, 1V, 3V) as the following selected quotation explains:

> " There is a great deal of informal networking which goes on even across states.....I guess everyone involved in this area knows everyone else and there is pretty open and informal discussion about every aspect of the work.....I was seconded to Moorfoot a couple of years ago and I found your system was much more formal. People sent one another memos instead of talking to each other.....they seemed obsessed about covering their backs by committing everything to writing.....very much the sort of image which the British civil service projects."
>
> (Interviewee 4V)

With hindsight this issue could have been explored further in terms of looking for specific evidence of systematic attempts to sift and channel information on a need to know basis. Indeed this might have shown significant differences between the various levels of the policy system and provided a basis for analysing the relationship between the size of any given organisational unit and the degree of formality in the communication system.

The following section will examine whether my respondent was correct in her assessment of the style of communications in the British system. However, for the time being it is sufficient to conclude that the reform process was accompanied by the development of more formal and closed communication systems, principally in the areas in which there was potential for conflict, but this formalisation specifically emphasised verbal rather than written exchanges and supported the establishment of forums for multi-directional communication. Problems of information transfer did occur but these seem to reflect the absence of consensus in certain areas rather than the inability of the system to transfer information from one level to another.

5.10 Information transfer in the Scottish network

As with the Victorian network the diagramatic representation of responses to the communication grid in the postal questionnaire do provide one view of the overall trends in patterns of information transfer. A number of features are worthy of mention. Firstly, the overall density of the Scottish network reduces by more than 10% (Appendix 10). Secondly, one consistent aspect of Diagrams 6S to 15S is the absence of lateral communications at Scottish level in all but the monitoring and evaluation function, and the restriction of upward communication from Office for Scotland to the MSC's own head office. This contrasts with high levels of lateral communication at both GB national and local level. All this suggests a weak and declining communication link at Scottish level although the incidence with which MSC's Office for Scotland was identified as a key contact does increase slightly in the later period.

Given the discussion in section 5.7 about regulation in the Scottish network, it is perhaps not surprising that qualitative interview data suggests that the trend in the Scottish policy system was towards more formalisation of information transfer in relation to those programmes which were aimed at the unemployed and that information transfer between levels of the system became increasingly one way and downwards. However, the trend was quite the reverse in relation to industry based

programmes in terms of the lack of formality and the upwards and downwards flows of information. The communication between Office for Scotland and the field network followed a pattern which was quite unlike these two more general trends in that information was systematically collected through a variety of formal mechanisms, but this was increasingly seen as a one way, but upward, process.

In overall terms the MSC can hardly be characterised as a system of informal communication networks. One interviewee described it as follows:

> " There was general concern that the MSC was organisationally imbalanced.....in short there were too many people at the centre developing things and there were major problems getting information out to the bits of the organisation which had to implement the programmes.....we eventually had to develop a whole directorate which was responsible for managing our communications with the field.....we developed highly structured paper mechanisms for communicating with the field and there there were very regular and structured meetings at every level from national to local."
>
> (Interviewee 24S)

However, those involved in adult training under the TOPS programme and especially those involved with management training, had built information networks which functioned on a much less formal basis than the system as a whole (Interviewees 8S, 10S, 15S, 19S, 5S, 6S), as the following selected quotation summarises:

> "I guess those of us who worked on management training regarded ourselves as a bit elite.....we did tend to communicate on a very personal and informal level.....outside of the normal process of circular letters and managers meetings."
>
> (Interviewee 6S)

These informal communication networks did also include providers of management training (Interviewees 20S, 15S, 11S, 22S), and enabled upward as well as downward and lateral communication. Thus:

> "It was a pretty open system.....it was not uncommon for the head of section at Moorfooot to just ring up to discuss an idea or vice versa.....it was highly evolutionary and democratic."
>
> (Interviewee 20S)

The introduction of the Training for Enterprise Portfolio with its more systematised approach to the delivery of standard offerings did see the development of a more formal, structured, selective and paper-based system of communications (Interviewees 24S, 23S, 5S). However, generally this development was regarded as enabling (Interviewees 3S, 5S, 11S) as the following comment by an Area Office official who had been involved with management training programmes throughout the TOPS and Job Training Programme eras illustrates:

> "I suppose we had been a bit guilty of relying too heavily on the grapevine and the result was that Areas and regions often ended up re-inventing the wheel.....I think the we had a better balance with TFE. On one hand, there were clear written instructions and reports and formal meetings at Moorfoot where we could discuss progress and disseminate good practice. On the other hand, there was still a good deal of informal networking going on. The relationship with providers was especially good in that there was a very free exchange of ideas."
>
> (Interviewee 5S)

Ironically the process of introducing the New Job Training Scheme and subsequently Employment Training which was seen as "the creation of a free market of training providers" (Interviewee 12S) and "a more responsive" training system (Interviewee 13S) was also characterised by information overload (Interviewees 15S, 19S) and an increasing tendency towards a downward flow of information at the expense of upward communication (Interviewees 20S, 23S, 2S). As Diagram 15S suggests, lateral communications between the field offices of the MSC and providers continued to be commonplace, but these became increasingly formal and, in the words of one provider, "inquisitorial" (Interviewee 11S). The following selection of quotations illustrates these trends:

> "We were swamped by vast volumes of paper which the MSC generated."
>
> (Interviewee 15S)
>
> "very often the information which we did get was too late to be of any use".
>
> (Interviewee 20S)
>
> "communications with officials became increasingly formal".
>
> (Interviewee 18S)

> "we did still have some personal contacts at Moorfoot that we could ring up, but by and large that level of informality became a thing of the past".
>
> (Interviewee 13S)

> "even communications between providers became very formal because we were essentially all delivering the same product and competing for a limited number of contacts".
>
> (Interviewee 11S)

As I indicated above, the pattern of communication between those involved in providing direct support to industry retained its informality and reliance on verbal rather than written communication (Interviewees 3S, 5S, 24S, 6S) as the following selection of responses illustrates:

> "all the people working on BGT3 knew each other and we kept closely in touch.....there was very little competition because we were all venturing into unknown territory, so we shared ideas freely".
>
> (Interviewee 6S)

> "the Area Managers really were not involved in the discussions which went on".
>
> (Interviewee 6S)

> "there was one person in Office for Scotland who kept his finger on the pulse but mainly the BGT people in the Area Offices kept directly in touch with head office".
>
> (Interviewee 7S)

If Office for Scotland was largely excluded from these informal information networks, some of the developments which it initiated in relation to the major programmes for the unemployed can perhaps be viewed as a defence against progressive marginalisation.

The implementation of ET saw the introduction of regular meetings between Office for Scotland staff and senior staff involved in the delivery of the programme at area level (Interviewee 13S). There were also regular telephone trawls by Office for Scotland staff "looking for information" (Interviewee 9S) on a whole host of issues. However, staff in the field network increasingly began to regard these exercises as non-reciprocal. Thus, for instance:

> "We used to sit there for hours on end as they pumped us for information.....we never seemed to get any information out of them".
>
> (Interviewee 25S)

> "Actually Office for Scotland had just become a post box for Moorfoot. Protocol demanded that communications should be filtered through them, but increasingly all they were doing was passing things on without making any useful contribution to the process."
>
> (Interviewee 19S)

Overall then the qualitative data does point to the MSC moving progressively towards a heavier reliance on sifted, paper-based communication. This brought with it signs of the information excesses, inability to transfer information upwards from the delivery network to the policy centre and the information delays associated with bureaucratic ossification and structural inefficiency. Moreover, the absorption of the management training programmes into the mainstream of ET effectively eliminated any immunity which this more specialised area of training had historically displayed to these dysfunctional effects.

5.11 Role clarity as a dimension of efficiency

Roles and the perception of roles underlie all interactions between human beings (Handy, 1985, p.91). It follows that roles we play are central to our interactions at work and, therefore, to the issue of organisational design. However, my interest in roles in this context does not extend to the wider issues of role ambiguity, role stress, role overload or role conflict. Rather my interest is in the narrower relationship between organisational efficiency and role clarity.

Flynn (1990, p. 101) defines efficiency as the ratio of inputs to outputs, and links achievement of the ratio to capacity utilisation, throughput and co-ordination of the production process. From an organisational perspective, the absence of role clarity can lead either to expending capacity without producing outputs or to dupliction or overlap resulting in more capacity than necessary being directed towards the production of the required outputs.

If duplication and overlap of roles in policy systems reduces efficiency, so too must lack of co-ordination or gaps between the roles of respective parts of the policy system. Whilst it can be argued that problems in this area are not necessarily functions of lack of role clarity, they do reflect the overall ability of the system to co-ordinate the activities of its constituent parts.

The arguments about role clarity can be applied either to individuals within the policy system or to whole organisational units. In some senses the latter focus is more relevant in the context of this study because the issue of duplication between agencies was a central feature of the arguments which the Kirby Report advanced in support of reform and restructuring, although it was perhaps a less significant feature in the arguments for establishing Scottish Enterprise.

The key questions here, therefore, were really whether the changes which took place in the respective structures had the effect of eliminating unnecessary duplication and overlap between different sections of the policy system and improving co-ordination, and whether there were any significant differences between initiatives which were operated with greater or lesser degrees of geographic devolution.

5.12 Role clarity in the Victorian network

In section 4.2, I concluded that the post-Kirby re-structuring did go some way towards rationalising the existing structures although elements of duplication and overlap apparently still existed. In section 5.3 I concluded that the period of the study saw the a process of negotiation around the respective responsibilities of the Commonwealth and the Victorian state governments and that this process, whilst lengthy, did result in the clarification of objectives in key areas. Diagrams 14V and 15V and Appendix 10 did suggest a rationalisation of the policy process around key units within the system and a reduction of the overall density of the network. Perhaps, then, the central questions for this section have to be about how far this process succeeded in eliminating dysfunctions of co-ordination related to the chronic complexity and fragmentation which Kirby had identified, what factors might have influenced the rationalisation or lack of rationalisation of specific areas and what relationships emerged with regard to levels of centralisation?

In terms of the overall approach to training support for individuals, it is fair to say that the re-structuring did lead to better co-ordination (Interviewees 1V, 2V,13V, 19V, 29V, 25V, 27V). Paradoxically, the increased interest in management and particularly small business training did create a potential for confusion as the following illustrates:

> "I think that we have succeeded in creating diversity of public and private sector provision for would be and existing entrepreneurs.....I am sure that this creates greater choice and

broader experience..... there were a lot of worries about whether this would add to the duplication which we were trying to eliminate".

(Inteviewee 29V)

However, the delicate process of re-negotiating roles at federal and state level did seem to have succeeded in securing efficient co-ordination, at least where the main programmes for the unemployed were concerned (Interviewees 1V, 4V, 6V, 10V, 17V, 18V) with two minor exceptions.

Firstly, there was some confusion around the respective roles of the counselling and retraining service offered by the Victorian Department of Labour and the Commonwealth Department of Employment, Education and Training. Officially the explanation was that the Victorian Department of Labour "offered a service to clients whose needs are not being met through the CES" (Interviewee 18V) and that "re-training services are offered in close consultation with the area offices of DEET" (Interviewee 28V). However, even the individuals who offered the official line (Interviewees 18V and 28V) did agree with the more general view (Interviewees 4V, 17V, 30V, 16V, 24V) that this two tier service was "confusing and wasteful" (Interviewee 23V).

The retention of this two tier system largely refected the political coyness of the Victorian state government about its position on programmes for the unemployed. There was a general awareness of the growing problem of management unemployment and of the potential of self-employment to 'mop-up' retrenched mangers, but this was accompanied by a growing consensus amongst Victorian state officials that the consequences of Commonwealth macro-economic policy should be alleviated by the Commonwealth government (Interviewees 28V, 18V, 15V). However, a public disowning of the growing problem of unemployment would not have endeared the Victorian government to the electorate and so a "policy fog" (Interviewee 18V) was an acceptable compromise pending the outcome of a prolonged negotiating process about the roles of the respective tiers of government. However, this situation was regarded as temporary and likely to be resolved by the forthcoming merger of the Victorian state employment function with its training function which had historically distanced itself on matters related to labour market programmes, and the agreement which was emerging with the commonwealth government over responsibility for labour market programmes.

Secondly, the interface between Skillshare and NEIS did suffer from both duplication and lack of bridging (Interviewees 1V, 3V, 16V) as the following illustrates:

> "Some Skillshare provision is virtually undistinguishable from NEIS provision.....usually NEIS provision is at a higher level and we have problems in progressing individuals from one programme to the other - we simply don't have the mechanisms."
>
> (Interviewee 3V)

However, if programmes for the unemployed were characterised by a general trend towards role clarification and co-ordination, direct training support to industry and the development of the qualification system were equally characterised by the absence of any such apparent co-ordination. As I discussed in section 4.6, both the Commonwealth Department of Employment, Education and Training and the Victorian Department of Education and Training offered programmes of direct assistance to industry, and both were in the process of establishing bodies which would determine the competences which would be included in a framework of management and small business management qualifications. However, there was general vagueness even amongst very senior officials about how the activities of these bodies would be co-ordinated (Interviewees 19V, 29V, 23V, 25V) although their comments were characterised by an endearing Australian optimism as the following exemplifies:

> "No one has any idea how it will all come together. However, in the meantime, the developments at national level pay lip service to the commitment to a unified system and the developments in Victoria recognise the supremacy of the states in matters related to accreditation.....come back in about five years and it will all have sorted itself out, but don't ask me now what the system will look like".
>
> (Interviewee 29V)

There was general agreement that this dysfunctional, if temporary, aspect of the federal process had significantly delayed more general developments on management training as opposed to training for small business management (Interviewees 4V, 17V, 25V, 29V, 28V) as the following illustrates:

> "The whole issue of accreditation is crucial to management development in a way that doesn't apply to the small business sector. Until we get agreement on that issue and the whole vexed question of

> who is responsible for direct support to industry, our progress is going to be dogged."
>
> (Interviewee 29V)

Finally, progress with the state driven programmes for the support of small business had been enabled by the absence of any commonwealth claim to responsibilty in this area (Interviewees 29V, 1V, 23V, 25V) as the following illustrates:

> "Kirby rightly pointed out that we had not been involved with training support for small business.....so far the extent of our activities has been restricted to the labour market programmes because most states are happy to let us take those over.....we have also done a little through the Office of Labour Market Adjustment where we sometimes help to develop small business in response to major restructuring.....but the mainstream support for small business is a state responsibility and we keep well out".
>
> (Interviewee 29V)

Overall then, the period of the study had seen some cumulative progress in the co-ordination of the roles of the constituent parts of the policy system. However, this progress was limited to those areas in which negotiation of federal and state responsibilities had been achieved. It is also worth remembering that Victoria was broadly more supportive of the Commonwealth training reform agenda than some other states. This raises the question as to whether progress with labour market programmes was as hampered by duplication and poor co-ordination as were direct programmes of support to industry and the development of the qualification system in Victoria.

5.13 Role clarity in the Scottish network

As I have discussed in the previous section, issues of role co-ordination in the Victorian network were essentially about the respective roles of the Commonwealth and state governments. In spite of the imminence of geographical decentralisation, issues in the Scottish network seemed mainly to focus on co-ordination of roles in a supposedly market led system, although this did have indirect consequences for the Scottish level of the policy system.

Broadly speaking the MSC's management training offerings throughout the period of the study were characterised by problems of duplication and poor bridging between different strands of provision. In fairness, this has to be seen in the context of a widening range of offerings particularly under the Training for Enterprise portfolio. However, the introduction of extensive sub-contraction, the philosophy of market co-ordination and non-intervensionism added a new layer of problems.

As I discussed in section 4.7, the period following the launching of the New Training Initiative saw a movement away from standard longer length management training courses to a more diversified range of retraining options for redundant executives and business start-up programmes, and it was around the latter area that the major problems of role co-ordination arose. The introduction of the Training for Enterprise portfolio under the Job Training Programme and the subsequent integration of the management training offerings for the unemployed into the New Job Training Scheme and then into Employment Training and the reappearance of offerings for those in employment under Business Growth Training, essentially represented different packagings of what were essentially the same elements. It is, therefore, perhaps not surprising that problems occurred in building bridges beween the different strands of assistance. However, the most consistent problems occurred in two main areas. Firstly, there were continuing complaints about the lack of co-ordination between business start-up support for unemployed people and support which the MSC or other agencies offered once the business had been established (Interviewees 1S, 8S, 10S, 23S, 22S, 30S). Secondly, there were problems in co-ordinating the development of management qualifications which significantly delayed the availability of these qualifications in Scotland and this in some measure also hindered the centrally funded programmes for unemployed executives (Interviewees 11S, 13S, 1S, 12S, 3S).

The following quotations summarise developments on co-ordination of business start-up support:

> "As soon as the MSC began to develop business start-up training, we began to get into hot water with the DTI .....there was a lot of fierce competition about who could come up with the best offering.....that was one of the major reasons for the lack of co-ordination".
>
> (Interviewee 20S)

> "In theory, the situation in Scotland should have been better because the MSC and the other enterprise agencies were responsible to Industry Department. In reality, though, the Scottish Office had no strategic

influence on the activities of the MSC in Scotland, so the same problems of co-ordination occurred."

(Interviewee 12S)

"The transfer of the Enterprise Allowance Scheme to the Training Agency was an institutional attempt to address this problem and to provide seamless business start-up support.....the problem by that time was that the process of contracting out had gone so far that different organisations offered different strands of provision.....we had a situation in West Lothian where an enterprise training provider who did not have a contract for the Enterprise Allowance Scheme did not advise people that this support was available because another enterprise training provider who did have a contract for the Enterprise Allowance Scheme would have got the business".

(Interviewee 4S)

Undoubtedly, this problem of co-ordination intensified with the increased diversification of the provider base which accompanied the introduction of the Training for Enterprise portfolio (Interviewees 17S, 23S, 7S, 11S, 24S). The subsequent assimilation of the management training offerings for the unemployed into NJTS and latterly ET did little to alleviate this problem. Thus:

"Any differences between different levels or types of provision remained.....providers who had historically provided training at a low level continued to do so. If someone was capable of progressing to a higher level, you could hardly expect the provider to transfer the person to another provider because they would have lost money".

(Interviewee 15S)

And the almost simultaneous introduction of Business Growth Training further exacerbated the problem of delivering seamless provision. Thus:

"It was almost as if we had come full circle. There was complete separation between the staff working on management training in ET and those working on BGT. We had completely different sets of providers. Not only did we not have proper co-ordination with the Scottish Development Agency funded programmes, we didn't even have our own programmes properly co-ordinated."

(Interviewee 1S)

Problems associated with role definition and co-ordination in a 'training market' also beset the development of the Scottish equivalences of the national vocational

qualifications in management. Central to this was a lack of certainty on the part of Office for Scotland officials about the role which they were intended to perform in a process which essentially involved a harmonising of the activities of several independent commercial bodies (Interviewees 1S, 8S, 10S, 12S, 23S). One very senior official summed up the situation as follows:

> "I think that MSC officials were used to delivering big programmes, but they really didn't feel comfortable playing a more catalytic role in relation to other interest groups. In fact I don't think that they could even conceive of such a role.....There was agreement in principle about the development of a series of equivalent qualifications.....in practice there was a huge job to be done in bringing together the work of the Management Charter Initiative, which by that time was a commercially motivated body and had little to do with the MSC, and the work of Scotvec which was also moving progressively towards being a commercial organisation. Not only that, but industry had to be convinced to buy these qualifications so there was a big influencing job to do, and I am not sure that Office for Scotland management really felt that it was their role to do this.....the result was that the development of MCI qualifications in Scotland was substantially delayed in relation to the national picture".
>
> (Interviewee 12S)

In summary then the Scottish network during the period of the research can be characterised by a kind of role confusion associated with the re-orientation of bureaucrats in a market system and the absence of appropriate mechanisms to co-ordinate an increasingly diverse and fragmented system.

5.14 Conclusions

I will return to the relationship between efficiency and geographical decentralisation in chapter 7. However, at this stage it is worth drawing a few preliminary conclusions from the largely qualitative discussion in this chapter.

Firstly, the discussion of developments in the Victorian policy system point clearly to the enormous potential for inefficiency in a federal system and this must represent an area of concern for those engaged in the development of Scottish Enterprise. However, no doubt through years of experience, the Australians do seem to have mastered processes which enable them to minimise some of the dysfunctional effects of a system which is flawed by definition, and some of these have been apparent in this case study.

Whether by accident or by design, small business training emerged as a prime area for re-negotiating state and federal responsibilities in vocational training. In many ways it is a classic case study in what Sharman (cited in Galligan et al eds, 1991,p.3) has called "the luxuriant flowering of inter-governmental relations". Central to this was a process of agreement and clarification of objectives which can be explained in terms of specific forms of co-ordination between federal and state levels which have been developing in many policy areas in Australia with a view to improving the efficiency of services (Galligan, 1989).

The outcome of this process of re-negotiation was clearly apparent in the area of labour market programmes in which rationalisation and co-ordination had been achieved, but without the bureaucratic ossification often associated with over zealous application of efficiency measures. There were also clear indications that time would resolve the admittedly significant inefficiency which still prevailed in other areas of vocational training. From this perspective, my conclusion at this stage is that the modified process of geographical centralisation which I discussed in chapter 4 was accompanied by progressive efficiency gains, albeit that these were taking some time to work through the system.

As I concluded in chapter 4, paradoxically the Scottish system was becoming increasingly centralised with policy making becoming an increasingly closed and centralised process, although aspects of implementation were being progressively pushed to the local level. The cumulative effect of these two contrary trends was to erode both the strategic and the operational influence of the Scottish tier of the policy system in spite of the imminence of devolution in the area of vocational training.

None of the organisational dimensions of efficiency which I have discussed in this chapter suggests that this process was accompanied by any significant efficiency gains. Indeed I am led to conclude that the increasingly closed and centralised approach to policy making reinforced the hierarchical tendency to problems of information transfer and the perhaps immature mechanisms which were being developed to help police an increasingly fragmented delivery network produced exactly the kind of bureaucratic excesses and dysfunctions which presumably they were intended to reduce.

CHAPTER 5

NOTES

1. This involved coding all responses to questions 18a and 18b according to perceived prioities. Individual answers were often allocated to more than one category but no attempt was made to attach values.

CHAPTER 6

DIMENSIONS OF EFFECTIVENESS IN THE SCOTTISH AND VICTORIAN NETWORKS

6.1 Introduction and overview of chapter

If the issue of efficiency was central to public debate about the mechanisms for delivering vocational training in Victoria, the issue of effectiveness was as much at the heart of the debate in Scotland. Perhaps at the risk of over-simplification, it is fair to say that the process of reform in Australia was being driven by a concern for efficiency, but the arguments for devolving responsibility for vocational training in Scotland centred largely around the need to create an agency which would be more effective, that is to say more responsive to the labour market and the economy which it served.

This chapter, therefore, seeks to explore the movement which took place in the two research sites in terms of the effectiveness of the policy systems. As in the previous chapter, this analysis has been based on the dimensions of effectiveness which I outlined in section 2.5. The chapter is structured in a similar way, with the issues of environmental responsiveness, expertise, autonomy and innovation being dealt with in sections 6.2, 6.5, 6.8 and 6.11 respectively, and the qualitative analysis of the data from firstly Victoria and secondly Scotland following in two sections after the discussion on each dimension. Section 5.14 draws some preliminary conclusions from this analysis which will be developed further in chapter 7.

6.2 Environmental responsiveness as a dimension of effectiveness

In section 2.5, I summarised some of the arguments which have attempted to relate the structural characteristics of various organisational forms to the rather slippery concept of effectiveness. One consistent strand which emerges in this debate is the idea that the effective organisation is one which is responsive to its environment and this is often seen either in terms of the ability to adapt to changing circumstances or, in a more commercial sense, a closeness to the customer. For instance, Baker (in Nohria & Eccles eds, 1992, pp 397-399) sees responsiveness in terms of flexibility and adaptability and, in particular, to the ability of the organisation to redesign itself in order to accommodate new tasks, unique problems and changing

environments(1).Other studies, mainly of successful commercial organisations have stressed the value of being close to customer or user needs (Pearson, Clipson, Berger et al, Pilditch in Henry & Walker eds, 1991).

Much of this contemporary literature on organisational effectiveness tends to link the presence of centralised units for market analysis and planning with slowness and unresponsiveness (Breitenbach et al, Sartori in Thompson et al, eds, 1991) and stresses the need for environmental sensors close to the interface between the organisation and its users or customers. At its most simplistic level, this implies that centralised planning is bad and decentralised planning is good, at least as far as organisational effectiveness is concerned. This often translates into decentralisation to the lowest unit of the organisation i.e. the individual, implying high levels of individual expertise and empowerment.

The issue of individual expertise is explored further in sections 6.5 to 6.7 but one further point is perhaps worth exploring before going on to look at the empirical evidence.

Given that a substantial proportion of the organisational literature which I discussed above is based on commercial organisations, it is perhaps not surprising that the measure of organisational effectiveness is predicated upon closeness to external customers defined as the end users of the product or service. This poses an akwardness for the study of public sector policy systems in that it does not encompass the possibility that the customer may be defined in terms of the nation as a whole, the government, the sponsoring organisation or unit of that organisation or the individual or group of individuals who use the service. Vocational training systems have an additional complication in that users can be defined as participants in training programmes or the industries who require their skills. This clearly has implications for any discussion about the appropriateness of the location of environmental sensors in the policy system.

Two issues are important in relation to the discussion about appropriateness. Firstly, the extent to which the scanning mechanisms are able to collect data from the environment and, secondly, the extent to which these devices were able to convert the intelligence into action, either directly or indirectly, through transmission of data to other sections of the policy system.

The following analysis principally attempts to identify where the critical environmental scanning devices in the two policy systems were located and to trace any movement which took place in the location of these devices during the respective periods of the study. However, some discussion of the perceived appropriateness of these locations and the changes which took place has also been attempted.

6.3 Environmental responsiveness in the Victorian network

In section 4.10, I summarised the main power shifts which appeared to take place in the Victorian network during the period of the study. I do not intend to repeat those here other than to say that it is an oversimplification to regard the changes as essentially centralising. The Commonwealth government in Canberra did extend its sphere of influence, but so too did the Victorian state training authorities, and there was a trend towards decentralisation in some aspects of the operation of the Commonwealth government's area network.

The key question here is the movement which took place in the mechanisms within the system for assessing the need for management training programmes and the extent to which any such movements can be said to have improved the responsiveness of the system.

In overall terms, the formal developments in the Victorian system involved a very limited and narrowly focused expansion of labour market analysis centrally in Canberra with the main growth of this function occurring in the Victorian Office of the State Training Board. There was little evidence of the growth of formal market analysis functions in the DEET field network to accompany the increased local control over labour market programmes. However, it can be argued that the administrative processes which were introduced as part of the contracting process between providers and DEET and, to a lesser extent, between providers and the Office of the State Training Board incorporated an environmental assessment, thus pushing this function at local level into the provider network.

The generally low key role of the Commonwealth government in Canberra in relation to labour market analysis throughout the period of the study was noted by a number of interviewees (Interviewees 23V, 6V, 30V, 21V, 33V), but can perhaps best be summed up by the following quotation from a senior official on the staff of DEET in Canberra:

> "Australia is such a huge country. Even the variation of conditions within states is so significant that we would not even attempt to become a focus for what is needed at local level. Even if we had it right, no-one would take us seriously."
>
> (Interviewee 29V)

The most significant development in this area at Commonwealth government level was the extension from the mid 1980s onwards of the role of the Office of Labour Market Adjustment (OLMA) (Interviewees 20V,29V).This influential unit of DEET in Canberra was charged with the responsibility of providing customised assistance to minimise the economic and social impact resulting from industry restructuring; and to increase the supply of skilled workers in demand through retraining and upgrading skills. (Commonwealth of Australia, 1991d). Increasingly OLMA was investing in small business development activities as the following quotation from an OLMA official explains:

> "The theory is that there is no point in extensive upskilling programmes during times of recession. Essentially, the training costs would add to the inflationary spiral and would increase wage costs.....In the meantime labour adjustment will be done in a very selective way. There will be a significant increase in the task programme from 2.5 million dollars to 5 million dollars and this will largely be channelled into skills surveys and small business development activities."
>
> (Interviewee 20V)

Of course, this increasingly selective approach to labour market adjustment implies well developed environmental scanning devices. This was achieved in two ways.

Firstly, OLMA officials increasingly saw their key contacts within the DEET network as Regional Managers, as the following quotation explains:

> "Even the DEET areas are very large and incorporate very different labour markets. In many cases these labour markets are geographically separate and travel between them is impossible.....We have had to develop ways of identifying where Commonwealth macro-economic reforms are having an impact on these labour markets. Our key priority at the moment is devolution and increasingly we work directly with the Regional Managers. For instance, we are currently doing a lot of work with ....., the Regional Manager for Bendigo. The total budget for that package is 2 million dollars and there is an enterprise element of 50 thousand dollars in the first year of funding."
>
> (Interviewee 20V)

Secondly, there was an increasing use of skills auditing at regional level. However, this did not result in an expansion of the labour market analysis function of the DEET regional service outlets. Rather, independent organisations, usually in the voluntary sectors, were commissioned to carry out these studies. Thus:

> "The Commonwealth government is anxious to slim down the area network, not to extend its functions. However, we are still very suspicious of using the private sector and local community groups often serve our purpose well in that we have to justify any intervention both to the Commonwealth minister and to the Victorian state authorities."
>
> (Interviewee 23V)

At Victorian state level there was a significant increase in the formal mechanisms for gathering and analysing labour market data. The major development in this area was the establishment in 1987 of a unit within the Office of the State Training Board, staffed by economists and statisticians. The outcome of this was the design of a forecasting model which involved converting total employment by industry into employment by occupation and using turnover rates to assess the need for training by occupation within each industry. This information was largely used to inform the resourcing of TAFE colleges (Interviewee 15V). However, this model had failed to make any meaningful estimates of the need for management training as the following quotation by an official within the unit illustrates:

> "That is the most difficult bit. We have problems getting a consensus on how many people need trained. It is obvious that all new entrants need trained, but how many managers need trained to keep pace with changing circumstances is almost impossible to tell. Then there is the problem of using the model to forecast training requirements for cross industry groups.....On the small business side, we haven't really got into any structured forecasting of the training requirements for managers."
>
> (Interviewee 15V)

As I discussed in section 5.6, the Victorian Office of the State Training Board had introduced a performance contract as a means of regulating the activities of TAFE colleges within a devolved administrative framework and in section 4.6 I discussed the significance of the introduction of a Managing Agency model to the NEIS and Skillshare programmes. In essence these mechanisms provided a convenient answer

to, or arguably a means of avoiding, the question of labour market forecasting (Interviewees 29V, 23V, 17V, 28V, 22V).

As far as the programmes which were funded by the Commonwealth government were concerned, each Managing Agency was required to carry out a labour market analysis as part of the annual funding process. One senior Skillshare official in Canberra described the position as follows:

> "The authorisation process requires that the provider presents a business case to us.....This moves the onus of proof from national level to local level and helps us to justify our intervention with the state governments.....We do not prescribe what method of market analysis the provider uses, but we do make judgements about the strength of the business case which they present to us."
>
> (Interviewee 17V)

This process, however, focused more on the occupational split which would be delivered within the established programme framework and left little room for major shifts in relation to the structure of the provision or the client groups. Here the iterative, but slow federal process is evident.

Several of the Skillshare providers who were interviewed pointed to the increasing problem of management unemployment as a case in point, referring to the length of time individuals were required to be unemployed, the generally low level of training, the unavailability of recognised qualifications and the absence of the facility to place trainees with employers to gain practical experience as major impediments to catering adequately for this growing group (Interviewees 9V, 1V, 13V). One of these providers summed up the problem as follows:

> "We have high levels of management and supervisory unemployment in this area. However, we don't really take a structured approach to it and the Commonwealth government doesn't have a strategy for it, although there is a growing awareness that we need to address the needs of people in this category.....My own view is that we need access to qualifications based on portfolio assessment so that these individuals can improve their marketability through accreditation of prior experience. I also like the idea of employer placement that your Management Extension Programme incorporates. That would help people who have become redundant in declining industries to prove that they can transfer their skills to other industries which have a better future".
>
> (Interviewee 9V)

However, the same provider did express the view that whilst the Australian system was slow, there was a mechanism for translating the identified need into a policy response. She described the process as follows:

> "The National Skillshare Association has a very powerful voice in Canberra. The issue of management unemployment is one which it has been discussing with DEET and no doubt, in time, the programme design will be modified to enable us to provide more adequately for this group."
>
> (Interviewee 9V)

The view that inter-organisational forums were crucial to translating local market assessments into policy actions was confirmed by several DEET officials who were interviewed (Interviewees 29V, 21V, 23V, 17V) as the following quotation confirms:

> "Our increased involvement in the management of local labour markets has had to be accompanied by the development of sensitive assessments of need. Without proof of need our position with the states would be untenable. For the same reason, we can't just allow Skillshare providers to change the programme rules, because these have to be agreed between the states and the Commonwealth. However, we have developed a very close relationship with the National Skillshare Association and we listen intently to what they are saying.Executive redundancy is a good case in point. They are telling us that we need to develop a strategy for dealing with this and we are actively considering the issue."
>
> (Interviewee 29V)

Similar processes applied to the environmental scanning and policy action cycle within NEIS as the following quotation outlines:

> "We really leave the assessment of the local labour market to the Managing Agents and we insist that this is done as part of the bidding process for funds."
>
> (Interviewee 26V)

However, there was no equivalent national forum to the National Skillshare Association through which providers could translate market assessments into policy action. This was widely attributed to the relative smallness of the programme (Interviewees 26V, 16V, 1V), and was compensated for by close personal contact between DEET officials in the respective area offices, in DEET Victorian headquarters

in Melbourne and in national headquarters in Canberra and providers throughout Australia as the following quotation by a NEIS provider illustrates:

> "There is a very close working relationship between NEIS providers and DEET officials at all levels.....At the moment the big debate is about whether or not to expand the scale of the programme. Most of us are convinced that there is scope to do this without damaging quality and there is close consultation on what the rate of expansion should be".
>
> (Interviewee 1V)

The responsiveness of the Victorian policy system, at least on matters of quantity, was confirmed by a senior official in DEET's Victorian headquarters in Melbourne as follows:

> "We have a very great deal of autonomy over our budgets. In essence we can vire across programme budgets with little reference to Canberra.....The assessment of the Area Managers is crucial to this, we are simply not close enough to the local labour markets to make judgements.....The Managing Agency concept works very well in terms of us knowing when to shift resources from one programme to another or from one occupational group within a programme to another.....However, our authority is restricted in the sense that we can't alter programme rules or introduce a completely new programme. These sorts of changes have to be agreed at a very high level between the Commonwealth government and the state Premiers".
>
> (Interviewee 23V)

Restrictions on the devolved authority of providers were less evident in the relationship between TAFE providers and the Office of the State Training Board. The performance contract did specify broad occupational areas and target groups which could be re-negotiated (Interviewees 28V, 1V, 27V), but providers were free to determine programme design within overall resource constraints. However, there was less evidence of systematic market assessment on the part of the TAFE colleges and historical performance rather than a researched business case was the key deciding factor in terms of contract negotiation (Interviewees 28V, 23V, 22V). The example outlined in the quotation below was typical and suggests an incremental approach to market assessment on the part of TAFE providers, although a more benevolent interpretation might conclude that market mechanisms were deliberately being used to govern the supply of management training:

> "The Metropolitan centres had the wrong sort of image for small business people. They tended to concentrate on full-time short courses

> which were okay for women returning to the labour market but not for people who were employed or already in business.....I had run a small business myself and I had a hunch that a networking approach would be more successful.....I guess you are right in the sense that we did not really carry out any systematic analysis of what potential users might want - we just tried out a few things and developed the ones which appeared to be working."
>
> (Interviewee 27V)

Overall then, the introduction of the Managing Agency concept, incorporating the requirement to undertake a market analysis, did seem to have improved the responsiveness of the Victorian policy system in terms of its ability to identify need within local labour markets. The existence of formal and informal interorganisational forums had also improved its ability to convert such intelligence into action at least in a quantitative sense, although matters of programme content were subject to the slow process of federal, consensual negotiating. The Victorian Office of the State Training Board had also significantly expanded its environmental scanning function but, as I have discussed, this had been singularly unsuccessful in relation to forecasting demand for management training and, unhampered by the political sensitivities which constrained the operation of the Commonwealth government programmmes, the Victorian TAFE colleges had made more modest progress than the Commonwealth funded providers had been obliged to do.

6.4 Environmental responsiveness in the Scottish network

Given that in section 4.10 I concluded that the period of the study saw a steady diminution of the strategic and operational role of the Scottish level of the policy system and an expansion of the operational significance at a local level, it will probably not surprise the reader to learn that the development of environmental scanning devices mirrored this general trend. However, in section 6.3 I made the distinction between the significance of the existence of mechanisms for systematic market assessment and the ability of such mechanisms to translate the intelligence gathered into policy action. This distinction is particularly significant in relation to the Scottish policy network in that the aggrandissement of labour market analysis at local level was also characterised by the absence of appropriate mechanisms for transmitting the intelligence gathered to the parts of the policy system which were capable of acting upon it.

It is also worth pointing out that throughout the period of the study environmental scanning units existed at Scottish level and at area level within the MSC (Interviewees

1S, 2S, 8S, 13S, 14S). Unlike the Victorian network, the changes which took place in relation to market analysis were not so much to do with the emergence or relocation of mechanisms as they were to do with changing roles at the respective levels.

The two key features then of the Scottish policy system's labour market assessment function were the Regional Manpower Intelligence Unit, (RMIU) located within MSC Office for Scotland, and Local Labour Market Assessment (LLMA) units located within each MSC area office. The introduction of the New Job Training Scheme and latterly Employment Training introduced a third element in that sub-contract providers of training were assumed to incorporate their own market assessment functions. For the sake of simplicity and brevity I have structured the ensuing discussion around the changes which took place in these three features over the period of the study.

In 1981 RMIU played a formative role in relation to management training on three main levels. Firstly, it undertook a wide range of qualitative and quantitative research projects on the Scottish labour market and the results were used to shape the annually published Plan for Scotland, in addition to providing ongoing advice to the MSC Committee for Scotland (Interviewee 12S). Secondly, its senior economist was charged with the responsibillity of overseeing and approving the Scottish bid for funding for training programmes including higher level management training courses, the Bridge Programme for redundant executives and the then small scale small business management programmes (Interviewee 14S). Thirdly, it guided the decisions of the Management Development Adviser based in MSC Office for Scotland who gave approval for TOPS funded places on higher level management training programmes (Interviewees 22S, 14S, 1S, 19S).

In terms of its relationship with other parts of the organisation, RMIU was very much a conduit between the labour market assessment function at local level and the national labour market assessment unit based in Sheffield. As such it directed the activities at local level and played a formative role in steering national policy developments (Interviewees 12S, 1S, 22S).

However, even in 1981, its pivotal role was under assault.

Firstly, the shift from higher level management training courses to the Bridge Programme (2) saw an increased emphasis on achieving performance targets and historical performance rather than systematic market analysis became the key deciding

factor on resourcing questions. This was a trend which was to accelerate as small business management courses subsumed the MSC's management training offerings. A senior planning official described the change as follows:

> "Political priorities, rather than the intelligent management of the Scottish labour market, became the name of the game. We did not even pretend to base our decisions on assessments of how many redundant executives required training or how many new small businesses the economy could support. It was more about looking at what each area had achieved in the previous year and looking at trends which might suggest that they could improve or decline on performance. By 1985, RMIU had simply become an adjunct to planning section."
>
> (Interviewee 14S)

The role of RMIU in guiding training strategy continued to diminish until it was returned to the main body of the Department of Emplyment in 1988 by which time its function had narrowed to the analysis and publication of unemployment statistics.

This diminution of the labour market analysis function at Scottish level was not immediately accompanied by the extension of the role of LLMA units within the MSC's area offices. In fact the launch of the Adult Training Strategy in 1984 heralded the belief that the market mechanism rather than systematic assessment was the key to regulating the labour market (Interviewees 19S, 8S). However, the introduction of the New Job Training Scheme in 1987 introduced a new dimension to the process of contracting locally for training provision which was explained to me by an area office official as follows:

> "Essentially TOPS was trainee driven. Someone applied for a course and provided they proved to be eligible, we arranged for a course. Often it was a case of simply waiting until there was a sufficiently large waiting list and then negotiating with a college or Skillcentre. But NJTS required us to contract annually with industry based Managing Agents and this implied that we had some means of forecasting what demand would be in each sector. In short we needed more sensitive labour market assessment mechanisms than we had in the past."
>
> (Interviewee 8S)

Two developments ensued. Firstly, the LLMA units within MSC area offices attained a new status and there were a variety of training initiatives designed to improve the capability of MSC staff in this area (Interviewees 4S, 19S, 3S). Secondly, the belief that providers themselves were the best judges of market conditions became more explicit in the MSC's negotiations with its providers over contracts. The following quotations demonstrate this changed emphasis:

> "In our office more staff were drafted in to the LLMA section. Also it used to be seen as a really low grade job and then the best staff started to be moved in and there was a lot of training going on."
>
> (Interviewee 4S)

And:

> "Instead of just selecting providers for their excellence in training, we also started expecting them to know what opportunities existed in the labour market. In fact, once the emphasis had swung to extensive use of employer placements, this probably became more important than being good at training."
>
> (Interviewee 1S)

However, unlike NEIS and Skillshare providers, NJTS and subsequently ET providers were never required to carry out a labour market assessment as a condition of approval of their application for funding and this raises the question as to whether their knowledge of the labour market was more imaginary than real. One provider of small business management training in the Employment Training programmme made the following comment:

> "We made various attempts to develop a methodology for estimating the need for different types of small businesses in the area. Our most famous attempt involved bringing a firm of consultants over from the United States. They had developed a model which was based on the need for various sorts of goods and services in any centre of population.....Apart from proving that there were too many fishmongers in Edinburgh, we did not have much success!"
>
> (Interviewee 15S)

The training providers whom I interviewed were ambivalent about the argument that levels of training were driven by an accurate assessment of market conditions (Interviewees 21S, 15S, 18S) as the following commentary shows:

> "I suppose that our contact with unemployed people did give us a good feel for their needs.....it was clear that a substantial number of people did not want to return to the dependence on big business of the early eighties.....as far as having any idea how many more new businesses and what sort of businesses the economy would support, we simply had no idea.....I think that it also has to be recognised that enterprise training was a soft option by comparison with other forms of training and so if the benefit people were leaning on individuals to do something, they came to us."
>
> (Interviewee 15S)

Overall then, as in the Victorian policy system, the provider network was increasingly expected to carry out the role of environmental sensor, although as I have discussed above, there was less evidence that this role was addressed in any systematic way.

One final point is also worthy of note and that is the extent to which any data gathered within the provider network was capable of being transmitted to the parts of the policy system which were capable of initiating policy action. Overall, there is less evidence of the sort of formal and informal inter-organisational forums which characterised the Victorian policy system. Firstly, in spite of the scale of Employment Training, there was no equivalent of the National Skillshare Association through which perceived need could be highlighted and addressed. Some area offices did establish provider networks which met regularly, but management training providers found themselves in the minority in these forums (Interviewees 11S, 15S, 18S). More importantly, they were described as essentially "adversarial" (Interviewee 15S) and "a focus for conflict over unit costs and eligibility rules with area office staff who had no real policy influence"(Interviewee 11S).

In fairness, the Business Growth Training programme faired better in this regard in that whilst no formal inter-organisational forum existed, the policy section at Moorfoot did regularly invite officials at all levels and providers to conferences at which discussion and debate were promoted as the following describes:

> "Communication and learning were very much part of our strategy for rolling out the programme. It was clear that providers could feed back a lot of very valuable intelligence to us and so we tried to involve them at every stage of the development of the programme."
>
> (Interviewee 20S)

To summarise then, the period from 1981 to 1988 saw the environmental scanning function shifting from an integrated hierarchy of labour market intelligence units in which the Scottish level played a pivotal role, to one dominated by local interests. This featured more highly developed scanning devices within the MSC and an assumed and doubtful extension of the market assessment capabilities of the local provider network. Whatever the capability of the provider network, with the exception of the small scale Business Growth Training programme, the system was flawed by the absence of appropriate forums for translating market intelligence into policy action.

6.5 Expertise as a dimension of effectiveness

Perhaps, even at a common sense level, the expertise within a policy system is an obvious starting point for a discussion of how effective it might be in fulfilling its stated function.

However, it is also significant in the organisational debate in that traditional Weberian approaches to the issue have stressed the collective expertise of the organisation rather than the individual (Weber, in Thompson et al eds, 1991: Taylor, 1947), whilst advocates of flat structures have stressed the importance of high levels of individual expertise. There is, therefore, an inbuilt association in much contemporary literature between hierarchy, collective expertise and centralisation and between lateral structure, individual expertise and decentralisation (Moss Kanter, 1993, pp 289 - 328).

This raises some fascinating questions about the changes which took place in the levels of expertise in the policy systems. For instance, does the increasingly centralised role of the Commonwealth government in Australia imply less need for small business and management training specialists? Does the decentralisation to local level in Scotland imply the need for higher levels of individual expertise? What light does the empirical evidence shed on either of these questions?

Organisational concerns with expertise also focus on the distinction between routine and knowledge-based specialisation (Pugh & Hickson, 1989, pp 27 - 31: Billsberry, 1994). Broadly speaking the former tends to occur through the sub-division, simplification and standardisation of routine tasks, and the latter with the introduction of new techniques and the use of disciplinary specialists. This poses another question about the nature of expertise in the two policy systems? Namely, were the structural changes and the reforms of the programmes associated with changes in routine or knowledge-based specialisation in the field of management or small business management training?

The reader will be aware that the principal intention of this thesis is to explore the effects of geographical rather than organisational decentralisation, although conditions in both research sites have dictated that I take some account of the latter in order to maintain focus on the former. As the following analysis will show, the issue of

geographical location of expertise is significant in this study for contextual reasons apart from any theoretical considerations related to the relationship between levels of expertise and trends in either geographical or organisational specialisation. Broadly speaking the controversy about expertise in Scotland stems from the view that MSC officials were career bureaucrats who knew nothing about the management of businesses, or about training (Kaufman, in Benn & Fairley eds, 1986), and the concern in Victoria that the Victorian officials of DEET were weak in expertise particularly in the area of management training for the small business sector (Interviewee 28V).

The following sections, therefore, have attempted to bring together the evidence obtained in the course of both the postal survey and the interviews to shed some light on the nature and distribution of expertise as well as any trends which became evident over time.

6.6 Expertise in the Victorian network

Perhaps the obvious starting point for any discussion of expertise is the length of time which individuals had been involved in the field. The following table was collated using data provided in the structured questionnaire exercise which asked for information about the length of time respondents had been involved in any aspect of management training.

Table 6.1 - Length of involvement in management training : Victoria

LENGTH OF INVOLVEMENT	% RESPONDENTS
10 years or more	35
More than 5 years but less than 10 years	24
More than 2 years but less than 5 years	35
Less than 2 years	6

N = 102

One interesting aspect of these findings is the relatively high percentage of respondents who had been involved for 10 years or more. Given that the main thrust of Commonwealth and Victorian state funded initiatives had occurred in the five years

prior to the survey, this suggests that significant use had been made of existing expertise in the field. This provides an interesting contrast with the Scottish network which I will discuss in the following section.

The following table provides an analysis of the type of initiatives in which respondents had been involved in order to obtain some insights into the range of expertise within the policy system.

Table 6.2 - Involvement in types of management training : Victoria

TYPE OF INITIATIVE	% RESPONDENTS
Training for unemployed people wishing to set up in business	88
Training for managers of existing small businesses	59
Training for unemployed managers	42
Training and development for employed managers	43
Higher level management training	30
Researching management and/or small business training needs	39
Developing training materials	68
Promoting management or small business training	72

N = 102

The high proportion of respondents who had some experience in running initiatives for unemployed people who wished to set up their own businesses is perhaps not surprising given the main thrust of the Commonwealth funded programmes. Similarly the 59% of respondents who reported that they had been involved in training managers of existing small businesses might be interpreted as an outcome of the Victorian state catalytically funded Small Business Centres. However, the relatively low level of involvement with higher level management training raises some interesting questions about the extent to which education and vocational training policy systems remained separate, but overlapping and I return to this question later.

Respondents were also asked to indicate whether they had been involved only with initiatives which had been sponsored by the main government agencies only or with a

combination of government sponsored initiatives and others. This question was essentially framed to assess the extent to which the policy networks were purposely constructed to further a particular government policy objective.

Table 6.3 - Range of involvement in management training : Victoria

RANGE OF INVOLVEMENT	% RESPONDENTS
Initiatives sponsored by DEET and/or OSTB only	17
Initiatives sponsored by DEET and/or OSTB plus others	83

N = 102

This analysis clearly shows that the large majority of 'experts' within the system were more widely involved in the field of management training outside of the initiatives funded by the Victorian and Commonwealth governments.

The average length of experience in the field and the high levels of involvement in initiatives outside of those funded by the main government agencies might suggest high levels of knowledge-based specialisation within the network. Data on this topic was difficult to assimilate in anything other than an impressionistic sort of way, but such analysis does suggest somewhat contradictory results as follows.

Firstly, DEET officials at national, Victorian and local levels tended to be located in programme specific organisational units such as Skillshare and Jobtrain units. These units themselves tended to be located within branches which were distinguishable by their policy objectives, such as Employment Access Branch or TAFE and Training Infrastructure Branch. There were also some individuals located within specialist functional units, such as planning and evaluation. Officials of the Victorian Office of the State Training Board also tended to be located within functional units concerned with wider issues such as the development of vocational qualifications or the accreditation of providers.

In short then, officials within the system appeared to be routine specialists whose concerns extended beyond the the management training dimensions of the programmes which they were working on. Officials working on NEIS were a single notable

exception to this because of the largely specialist nature of the programme, but here too I found high levels of routine specialisation, with some individuals involved exclusively on the administration of sounding boards (3) and others on processing applications.

However, this apparent dependence on routine specialisation was markedly counter-balanced by high levels of knowledge-based specialisation within the provider network. As I discussed in sections 4.5 and 4.6, management training initiatives, particularly those aimed at small business management, were playing a role in breaking the monopoly of the TAFE system over the training infrastructure. This inevitably laid Commonwealth officials open to criticisms over their choice of providers. The result of the protracted process of authorising provider organisations appeared to be quite the reverse. All of the 17 NEIS providers in Victoria were organisations specialising in training for small business (Interviewee 16V) and the more multi-disciplinary Skillshare providers made extensive use of sub-contract specialists to deliver this component of the programme (Interviewees 9V, 10V, 13V).

Overall the changes which took place in the Victorian policy system during the period of the study seem to have been characterised by an ability to tap existing, mature networks of professional expertise rather than to create new, immature ones. As I will discuss in the following section, this is in marked contrast to developments in the Scottish policy system.

6.7 Expertise in the Scottish network

As I discussed in section 4.7, the MSC's involvement with management training pre-dated the launch of the New Training Initiative in 1981 and developments on small business management training were also already under way. This might have implied a network with longer average experience in the field than its Victorian equivalent. The following table sheds some interesting light on this.

Table 6.4 - Length of involvement in management training : Scotland

LENGTH OF INVOLVEMENT	% RESPONDENTS
10 years or more	21
More than 5 years but less than 10 years	34
More than 2 years but less than 5 years	37
Less than 2 years	8

N = 145

One interesting contrast with the Victorian policy system is that the percentage of individuals reporting '10 years experience or more' is lower, although this difference is compenstated for in the category 'More than 5 years but less than 10 years'. This raises questions about turnover of membership in the Scottish policy network which I will return to later in this section.

The lengthier involvement of the MSC in the field of management training also raised interesting questions about the range of expertise within the policy system. For instance, would its relative maturity have led to greater specialisation or would individual players have become much more multi-skilled than their Victorian counterparts. As in Victoria, respondents in the Scottish network were asked to indicate the range of initiatives with which they had been involved, and the results are presented below.

Table 6.5 - Involvement in types of management training : Scotland

TYPE OF INITIATIVE	% RESPONDENTS
Training for unemployed people wishing to set up in business	85
Training for managers of existing small businesses	66
Training for unemployed managers	57
Training and development for employed managers	59
Higher level management training	45
Researching management and/or small business training needs	39
Developing training materials	61
Promoting management or small business training	66

N = 145

These results are very similar to those for the Victorian network which I discussed in section 6.6. As one might have expected, a high proportion of respondents reported experience on training unemployed people to manage small businesses. A relatively higher percentage reported experience of training existing managers of small business, training unemployed managers and training employed managers, no doubt reflecting the existence of the Business Growth Training programme and the continuation of the Mangement Extension Programme within the Enterprise in Employment Training portfolio and involvement with previous programmes such as Bridge and TOPS.

One interesting contrast is the relatively higher percentage of respondents who reported involvement with higher level management training, perhaps reflecting the degree to which the MSC had succeeded in penetrating the neighbouring educational policy area. This issue is discussed in more detail in chapter 7.

The following table, however, throws up the most interesting contrast with the Victorian policy system. When respondents were asked whether they had been involved exclusively with MSC funded initiatives or with initiatives funded from a variety of sources, the following results emerged.

Table 6.6 - Range of involvement in management training : Scotland

RANGE OF INVOLVEMENT	% RESPONDENTS
Initiatives sponsored by MSC only	60
Initiatives sponsored by MSC plus others	40

N = 145

In short, Victorian network members were much more likely to have had experience of initiatives funded from sources other than the main government initiatives than were their Scottish counterparts, suggesting that where the development of the Victorian programmes had depended on the ability to tap into existing expert networks, the Scottish network had come into being, at least partly, for the sole purpose of furthering government policy objectives or perhaps even narrower programme objectives.

Another interesting contrast is that the Scottish network showed a more marked tendency towards knowledge-based specialisation than did its Victorian counterpart, but only at national level. Since the late 1970s the MSC had maintained both a

designated management development unit and a designated enterprise training unit at its national headquarters (Interviewee 24S). This disciplinary focus was also reflected in the inclusion of advisors drawn from "centres of excellence" such as university business schools, industry and commerce. At Scottish level, with the exception of the Management Development Advisor whose post was abolished in 1984 (Interviewee 1S), no such disciplinary focus existed. Officials tended to be routine specialists, working on specific aspects of the TOPS programme or subsequently on the Job Training Programme, the New Job Training Scheme or Employment Training (Interviewees 2S, 4S, 5S). This position was reflected at local level, somewhat supporting the criticism that MSC officials were career bureaucrats who knew little or nothing about business management training.

However, the qualitative data suggests that some interesting changes took place within the network of training providers which had a marked impact upon levels of expertise.

Respondents pinpoint the introduction of the New Job Training Scheme as a turning point in the MSC's use of sub-contract providers which reflected both the politicisation of training and the MSC's tendency to launch programmes which the existing infrastructure was incapable of supporting (Interviewees 3S, 10S, 21S, 23S). The following quotation aptly sums this up:

> "Gradually there was a move away from using providers with a long standing expertise in the area. There were two reasons for this. Firstly, the scale of programmes like NJTS and subsequently ET was gigantic. There was no way that the existing providers could deal with that kind of magnitude. Secondly, and I have never been sure whether this was intentional or not, organisations like my own which were established and continued to survive exclusively on income from MSC funded programmes, were in a very weak bargaining position. Colleges or other expert providers who had income from other sources were much more likely to challenge on issues of quality and the way that the unemployed were being targetted."
>
> (Interviewee 21S)

Both the incorporation of small business management training into Employment Training are good examples of the way that the MSC went about creating an infrastructure of arguably inexperienced providers. The following quotations from an Enterprise in Employment Training provider and an official who led the development of Option 3 of the Business Growth Training programme sum up this trend. Thus:

> "Actually, our organisation had been set up to deliver the Voluntary Projects Programme. We had plenty of experience in dealing with the long term unemployed but none whatsoever in small business management. As you know, when Employment Training was introduced, we had to decide whether to wind up the organisation or to bid for a contract. We thought we would have a go at enterprise because there was no way we could offer any other kind of training. We were surprised when we got a contract in two areas but actually there was very little competition around. The colleges had backed off because of the political sensitivities about ET. Anyway we were cheaper than the colleges or the private sector providers."
>
> (Interviewee 15S)

And:

> "Very few consultants at that time were experienced in process consultancy, so we had to train them to carry out BGT 3 projects. We also established a national register of experienced consultants. In theory, companies could choose their own consultants but we used to try to influence them to use one of the ones on the register."
>
> (Interviewee 6S)

Overall, then, the qulitative data suggests that the abolition of the TOPS programme was also associated with the turnover of an older, established network of expert providers who were replaced by a new breed of providers who existed exclusively to deliver MSC programmes and that this was inevitably accompanied by a fall in average length of experience, particularly in the '10 years or more' experience category. Against this background, the decision to appoint Lead Enterprise Training Managers in each area does appear to have had some merit since it ensured some critical mass around the embryonic expertise.

6.8 Autonomy as a dimension of effectiveness

In section 2.5 I introduced the concept of autonomy as a dimension which commonly arises in discussions of organisational efficiency. I described this in terms of autonomy, both for individuals and for the organisation as a whole, implying an emphasis on individual judgement rather than standardised procedures for decision making and high levels of individual empowerment. This is worth further exploration for two reasons. Firstly, the relationship between autonomy and effectiveness is by no means proven and, secondly, there is a potential overlap between the discussion of autonomy in the two research sites which follows in the next two sections and the discussion of innovation which follows in sections 6.11 to 6.13.

Arguments for increasing individual autonomy tend to turn on two major issues. Firstly, it has been argued that higher levels of autonomy lead to higher levels of motivation and job satisfaction (Moss Kanter, 1993, p. 276: Carpenter, 1971). Moss Kanter (1993, pp 275 - 281) sees power as central to the issue. Thus she argues:

> "Power..... has both a job related and a social component. It is associated with the exercise of discretion, the chance to demonstrate out-of-the-ordinary capacities in the job, handling uncertainties rather than routine events; with access to visibility; and with the relevance of the job to current organizational problems".
>
> (op sit p.275)

She goes on to develop the argument claiming that adding to the power component of the job, defined as the non-routine, discretionary and visible aspects, improves motivation. Thus:

> "They are more autonomous and they feel more powerful".
>
> (ibid p.276)

The claim that greater autonomy or discretion is good for morale in itself is questionnable. For instance, Porter and Lawler (1964) found that increased autonomy may be good for self-actualisation, but did not necessarily meet security needs. However, I do not intend to exhaust these arguments here since the motivation of individuals, however important, is not a concern of this study.

Perhaps more relevant in the context of this research is a second set of claims which argues that autonomy has beneficial effects on performance, sometimes defined in terms of productivity (Handy, 1985, pp.330-335, Berger et al in Henry and Walker eds, 1991), but also defined in terms of effectiveness. For instance, Walker (in Henry and Walker, 1991) describes how increased personal autonomy supports a form of cell management which has helped the Rover group improve its responsiveness, quality and competitiveness.

Inevitably much of the organisational literature attempts to relate levels of autonomy to various structural forms. Generally this literature gravitates towards the view that flatter, more decentralised structures are required to develop individual or team autonomy and enhance organisational effectiveness (Moss Kanter, 1993, ch.10: Nohria in Nohria & Eccles, 1992, p.2). Whilst such arguments do not specifically address the issue of geographical decentralisation, there are parallels both in terms of

the perceived effectiveness of smaller organisational units (Pugh & Hickson, 1989 p.29) and the relationship which Stopford (cited in Handy, 1985, p.303) demonstrated between organisations with low product diversification and functional structures and those with high product diversification and grid structures incorporating high geographical diversification.

The key question here is, therefore, whether varying degrees of geographical devolution within the two policy systems did in fact appear to facilitate greater autonomy and, if so, at what level.

There is also a potential here to overlap or duplicate the discussion of autonomy with the discussion of innovation which follows in sections 6.11 to 6.13, so it is important to draw out here the distinction between the two concepts. The Concise Oxford Dictionary (1976) defines the term 'autonomy' as "Right of self-government: personal freedom; freedom of the will" whilst the term 'innovate' is defined as "Bring in novelties; make changes". This is useful in that it focuses the discussion of autonomy on the extent to which the various levels of government or individuals had freedom of choice, regardless of whether the outcome of those choices could be said to be radical or novel.

Given that this study is essentially about the effects of decentralisation to sub-national level, the main focus of the following two sections is on the extent to which the Scottish and Victorian state tiers of the respective policy systems were able to exercise freedom of choice on overall policy direction and implementation, although I do also touch on freedom of choice at other levels of the system. I did not systematically collect data on individual freedom of choice within the system, although I have presented data where they occurred. Given that access to resources and authority are crucial to the exercise of choice in any policy system, much of the analysis focuses the ability of the relevant levels of the two policy systems to access these commodities.

6.9 Autonomy in the Victorian network

In section 5.6 I concluded that the reforms which took place in the Victorian policy system had been accompanied by a modest increase in levels of regulation i.e. the standardisation of decision making processes. However, overall, this trend had supported a drive for efficiency in terms of eliminating duplication and overlap, and

was generally viewed as enabling. It is, therefore, interesting to report that the Victorian network also reported increases in levels of autonomy during the course of the reforms since this challenges assumptions that standardisation of decision making and autonomy are paradoxical.

Respondents at Victorian state and local level consistently reported that the reform process had increased levels of autonomy within specified limits (Interviewees 2V, 30V, 24V, 23V, 29V). This was explained in the following way:

> "The expansion of Commonwealth involvement in vocational training has been a sensitive process, but the result is that the state government and the Commonwealth government representatives within the state are very clear about the boundaries of their authority. This gives all concerned a great deal of freedom of action."
>
> (Interviewee 23V)

The most marked development of autonomy was at Victorian state level, and this applied to initiatives funded by the Commonwealth government and to initiatives funded by the Victorian state government.

Firstly, in spite of other evidence that the importance of the Victorian state office of the Commonwealth Department of Employment, Education and Training was declining, it enjoyed a marked degree of flexibility over the distribution of Commonwealth training funds (Interviewees 23V, 29V, 30V, 2V). The Victorian Director of DEET, when asked about the freedom to vire between budget blocks, responded in the following way:

> "I have almost complete flexibility. The resource for labour market programmes comes in one pool of money so it can be divided up in any way."
>
> (Interviewee 23V)

When asked about the extent to which the mix of programmes could vary between states, he gave the following response:

> "Yes, that often happens. There are a few exceptions. For instance, the Prime Minister released additional money for Jobtrain in his latest economic statement, so Victoria's share will have to go on Jobtrain, but that is exceptional."
>
> (Interviewee 23V)

This, of course raises a question about the basis on which the state Director made decisions to vire funds and responses consistently pointed to the key role which Area Directors played in informing and perhaps driving these decisions. Thus:

> "The Area Directors are formative in all of this. Apart from giving broad strategic guidance which reflects the macro-economic policy of government, I interfere very little. For instance, I might give a broad steer towards wage subsidy or retraining programmes. Other than that, they tend to drive budget virement."
>
> (Interviewee 23V)

This autonomy was, however, limited beyond allocation of financial resources and certainly did not stretch to the introduction of new initiatives. Thus:

> "As you know, the Commonwealth government has no constitutional right to run programmes in the states. Each programme's target group and operating framework are subject to very high level agreement, so whilst we have almost complete freedom on the balance of programmes which we provide in Victoria, we simply cannot introduce a new programme."
>
> (Interviewee 2V)

There was, however, a contrary strand of evidence relating to Commonwealth officials, mainly at Victorian state level. Some of these officials reported high levels of individual uncertainty (Interviewees 24V, 16V, 2V, 23V). This, however, appeared to relate to those areas where the respective responsibilities of the Victorian OSTB and the Commonwealth DEET had still not been clarified. A senior official explained this to me as follows:

> "Officials are terrified to move on their own initiative unless there are clear programme parameters. It is even worse in New South Wales because the state government is really opposed to the reforms. At least Joan Kirner is broadly behind Keating, although in some senses she wants to plough her own furrow. However, in uncharted territory, our officials are terrified that they will put their foot on a land mine."
>
> (Interviewee 23V)

As far as the Victorian office of the State Training Board was concerned, there was a great deal of autonomy around both programme content and resourcing. In essence, OSTB's activities in this area were circumscribed by a broad strategy document which was approved by the State Training Board in September 1990 (State Training Board of Victoria, 1990) and which outlined major objectives and the broad elements of the

strategy, but did not specify programme content or proportion of the total OSTB budget which would be committed to this area of training.

In practice, much of this autonomy was devolved to the Small Business Centre providers based in TAFE colleges. However, the performance agreement between the state government and the Small Business Centres did lay a strategic framework for their activities (Interviewees 28V, 27V, 1V). The following response was given to my question about the degree of local freedom which could be exercised over the way the allocated sum of money was spent and the approach which was adopted:

> "Complete freedom. The funding was catalytic and so we were able to develop our own approach. Indeed the network approach was something which I saw a need for and introduced here. Of course, the performance agreement specified the target groups and placed broad parameters around our activities. We couldn't for instance suddenly decide that we were going to deal with larger companies or get into the business of offering MBA's, but we really had a clean sheet in terms of deciding how we were going to offer the training. This means that some centres have developed distance learning provision because that is what they feel best fits the needs of the client group."
>
> (Interviewee 27V)

This was in marked contrast to the period prior to the reforms when, in spite of the absence of any clear focus on management training, there was a great deal of intervention from the centre on matters of detail. This contrast was highlighted by a TAFE provider as follows:

> "The situation was really ad hocratic. There was no strategy on management training, but there was a lot of rubber stamping which went on if anyone did have an idea which they wanted to develop.....Of course the whole administration of the system was over-staffed and very inefficient at the time."
>
> (Interviewee 1V)

There was, however, a contrary strand of evidence concerning the officials of the Commonwealth.

Broadly speaking, then, levels of autonomy in the Victorian network appeared to have been promoted by two main trends. Firstly, the re-negotiation of state and Commonwealth responsibilities was proving to be a slow process, but it did result in clear articulation of boundaries for the various levels of government involved although it did preclude activity outside of the specified boundaries. Of course it could be

argued that this development was a serious impediment to environmental responsiveness because of the slowness of the negotiation process, and I will return to this issue in section 6.12 where I discuss innovation in the Victorian network. Secondly, the drive to rationalise the Victorian state training service and to make it more efficient had resulted in forms of devolution between the Board of OSTB and its Executive and between OSTB and the TAFE providers facilitating enhanced levels of autonomy, again within prescribed parameters, mainly at local level.

6.10 Autonomy in the Scottish network

In a very real sense part of the definition of autonomy which I discussed in section 6.8 is highly pertinent in relation to the Scottish network in that the criticism that the MSC's centralised approach eroded Scotland's right to self-government was one of the things which which triggered this research and played a significant part in the plan to establish Scottish Enterprise.

This section, therefore, begins by examining the changes which took place in levels of autonomy at Scottish level over the period of the research, and goes on to look at corresponding changes at local level.

The period from 1981 onwards undoubtedly saw a marked reduction in the level of autonomy at Scottish level in terms of authorisation of programmes and in terms of access to financial resources. This can be well illustrated by tracing the method of authorising management training provision under the TOPS programme through to that which operated under Employment Training and Business Growth Training.

Until 1985, when the TOPS programme was replaced by the Job Training Programme, all District Office, and subsequently Area Office, plans were subject to approval by Office for Scotland. Management training provision was subject to particularly close scrutiny because of its relative expense and perceived importance to the development of the Scottish economy (Interviewees 1S, 8S, 23S). Whether by accident or by design, the introduction of the Job Training Programme created a shift away from Scottish level largely because of the more structured approach which this programme adopted to management and small business management training (Interviewees 19S, 4S). For the first time the range of acceptable programmes was incorporated into the Training For Enterprise portfolio which specified the overall design framework for each strand of provision. Resource for this portfolio was prescribed by MSC head office, so that both

the total Scottish expenditure and the nature of the provision were more tightly prescribed centrally (Interviewees 1S, 4S, 23S). Office for Scotland did, however, retain some control over the distribution of the Training for Enterprise budget within Scotland, and the anual bidding process allowed some negotiation over the total resource allocated to Scotland.

The introduction of the New Job Training Scheme did loosen the control of MSC head office over the general spread of provision at local level and the emphasis shifted, at least in principle, to local assessment of labour market conditions (Interviewee 13S). Management training was something of an exception to this in that special funding was available for enterprise modules and this was subject to approval by Office for Scotland within the constraints of an overall Scottish allocation which was determined by MSC head office (Interviewees 10S, 3S, 2S, 24S). This did remove the previous constraints around the various strands of the Training for Enterprise portfolio so that in theory Area Offices could allocate enterprise module resource as they judged appropriate (Interviewee 4S). In practice, the more restrictive eligibility conditions for the New Job Training Scheme precluded the options which had been available for employed people, restricting the choice at local level to programmes designed to help unemployed managers and programmes for unemployed people who wished to set up their own businesses.

This rather ambiguous trend towards more centralised control from Sheffield and more local autonomy was eliminated by the introduction of Employment Training in 1988. Firstly, the amalgamation of the New Job Training Scheme with the Community Programme introduced more rigid, centrally imposed rules for the overall allocation of financial resources at Scottish and local level, removing most of the previous scope for bargaining based on performance (Interviewee 14S). Secondly, control of the spread of local provision, including the management training elements, was placed in the hands of the MSC's Area Offices. As an Office for Scotland official explained:

> "It was really left up to the Area Managers to decide how much enterprise training to provide. Overall the unit costs for such training were higher than average and this had to be balanced against lower unit costs for other types of training.....We didn't even get returns on the levels of enterprise training on a regular basis. If we needed to know for any reason, we used to 'phone round the Area Offices to get an idea".
>
> (Interviewee 13S)

Business Growth Training, however, remained more strictly controlled by MSC head office in that, like the Training for Enterprise portfolio, the amount of resource available for each option within the programme was determined centrally (Interviewees 1S, 3S). Office for Scotland did also retain some influence over the distribution of resource between areas which was not governed by the rigid formula which had to be applied to Employment Training. Office for Scotland also retained control over the relatively small scale Local Collaborative and Local Development Programme grants and Options 4 and 5 of the Business Growth Training programme (Interviewee 8S). Where the former was concerned, there was also a comparative degree of freedom over content which was determined in partnership with other organisations in the private sector.

However, perhaps the overall impotence of the Scottish level of the policy system can be summarised by the following account of the development phase for Scottish Enterprise:

> "Inevitably, there was a fair amount of rivalry between the two organisations.....various joint initiatives were suggested and inevitably there was an element of one-upmanship going on.....The Scottish Development Agency seemed to be able to access resources for anything which was suggested and, in spite of our enormous resources, we always seemed to have to play the part of the poor relative because all our budgets were devolved to the areas or very tightly ring-fenced.....Eventually senior management got so embarrassed by the whole thing that they comandeered the LCP and LDP budgets to pay for these joint ventures.....it was really the only resource over which they could exercise any independent control."
>
> (Interviewee 8S)

Not surprisingly, this trend towards local financial autonomy did also increase levels of individual autonomy at Area Office level, at least where the cost of training, as opposed to the design, was concerned and this resulted in increased attention on controlling unit costs. As one local official put it:

> "Clear control over a devolved budget was a good thing in my opinion. The unit costs for Enterprise in ET providers were way above others.....This might have been legitimate for high level management training where people spent a lot of time in directed training. But there was no justification for it in relation to the business start-up provision since most trainees spent a lot of time on personal research and project work and very little in directed training.....The high unit costs just seem to have been assumed to be okay, but devolution of budgets

caused us to take a much closer look and the outcome was that we progressively drove these unit costs down."

(Interviewee 4S)

Overall, then, by 1988 the MSC's Area Offices had become the key resource gatekeepers, although the design framework was largely determined centrally.

6.11 Innovation as a dimension of effectiveness

In sections 6.2 to 6.4, I discussed the issue of the location of environmental scanning devices in the policy systems in the two research sites and the extent to which these devices were able to convert the intelligence which they gathered from the environment into policy action. However, the issue of environmental responsiveness is not just one of accurate market assessment, it also pre-supposes the ability to produce appropriate responses to satisfy those needs. It was in this area that critics of the MSC often focused their attention, alleging that the solutions offered did not match the needs of regional economies and that its monolithic and undemocratic structure stiffled the development of alternative approaches.

However, this section and the following two are not so much about the ability of actors in either system to produce ideas, rather they are about the extent to which there were tangible outcomes from creative thinking. As Henry and Walker (in Henry and Walker eds, 1991, p.3) have said:

> "Creativity on its own is only a beginning. Having ideas is relatively easy - having good ideas is slightly more difficult - but the real challenge lies in carrying ideas through into some practical result.....Our starting point is that the process from internal thought to external reality seems inhibited and obstructed."

The starting point, then, for this section is not the extent to which individuals or units within either of the two policy systems were capable of generating ideas, but the extent to which the structures or characteristic behavioural processes created barriers to the realisation of these ideas.

There is also a tendency in some of the literature on innovation to see a fundamental tension between stability and creativity in organisations which is often revealed as a conflict between the top tiers of management and the lower tiers of the implementation structure, between strategy making and local improvisation (Henry & Walker eds., 1991, p.7). This in itself tends to imply that centralised decision making structures

will suffer from a lack of innovation, and decentralised structures will be more likely to facilitate innovation, all other things being favourable.

However, I have made no such assumptions. Other literature in the field of creative management has tended to combine the concepts of leadership and strategic management into that of strategic visioning (Bennis, 1982: Mendell & Gerjuoy, 1984: Kiechel, 1986: Levinson & Rosenthal, 1984). This implies that innovation can also be a corporate activity and the preserve of senior or strategic managers within the organisation as well as something which is engaged in by a few frustrated underlings. For that reason I have attempted to look at the evidence of innovation which took place at the centre of the two policy systems as well at the perimeter.

Inevitably, this is a slippery concept to define and pointing to evidence of the process of innovation is even more slippery, involving value judgements about what is or is not a 'good' idea. For that reason, I have concentrated on the diversity of outcomes generated by the two systems, the origins of any such diverse outcomes and the qualitative data provided by interviewees in response to questions about innovation in the policy system and, in particular, about how the capacity to innovate had changed during the course of the programme reforms. Access to resource is, of course, one dimension of the ability to bring innovative ideas into being and this has largely been covered in sections 6.8 to 6.10. In the following two sections I have, therefore, concentrated on the existence of factors other than access to resource which appeared to have contributed to innovation at various levels of the policy system.

6.12 Innovation in the Victorian network

It is perhaps somewhat misguided to attempt to measure increases or decreases in levels of innovation for some sections of the Victorian policy system. Until the reforms of the training system which followed the Kirby Report, the Commonwealth government had had virtually no involvement in vocational training, including management training, other than that which was offered within the higher education sector. To that extent, the introduction of the NEIS and Skillshare programmes could be cited as evidence that the rate of innovation in the system had increased from a standstill to a modest level which can hardly match the diversity of initiatives which were introduced in Scotland.

Perhaps then it is more relevant to view the developments in Australia from the perspective of the processes which were involved in designing and introducing these

changes. The following analysis, therefore, attempts to illustrate the characteristics of the process of innovation at various levels of the policy system.

Firstly at national level the Australian system was an unashamed mimic of international best practice (Interviewees 29V, 4V, 17V). Several of the senior officials involved in management training initiatives had spent lengthy periods of time on secondments to foreign governments. Ironically, all but one of these had been seconded to Moorfoot, the MSC's head office in Sheffield. New programme development was, therefore, not so much about having new ideas, but about modifying existing ones as the following quotation illustrates:

> "Australia is such a small country in population terms that we have long since recognised that our ability to innovate is seriously inhibited. Instead of trying to pretend that this problem doesn't exist, we work very hard at establishing best practice elsewhere in the world. I spent two years at Moorfoot working on small business training policy. Many people at my level in the organisation will also have done this. In the past we have also sent people to Germany.....The basis of the idea for the NEIS programme came from your Enterprise Allowance Scheme, but we added a training component because it was clear that that was where your scheme fell down. In a similar kind of way, Skillshare drew on the Community Programme, but we added training as well as work experience".
>
> (Interviewee 4V)

Of course, the Australian Mission on Management Skills (Commonwealth of Australia, 1991b) was one example of this process of international search for best practice. It also illustrates one other key characteristic of the Australian approach to innovation, that is the inter-organisational composition of its policy making forums. A senior official in Canberra described the process of developing policy on small business management training as follows:

> "We started off with a consultative paper which went to a wide audience. Then there was a workshop and finally the results were all presented to the National Training Board which is also a tri-partite body.....We also have a regular policy forum with DITAC which runs the National Industry Extension Service".
>
> (Interviewee 25V)

Whilst the design of the NEIS programme had been inspired by the Enterprise Allowance Scheme, many of its key design features had been developed through these forums. For instance, the introduction of 'sounding boards' of existing small business managers to scrutinise and approve the business plans of NEIS applicants for income

support was one such welcome innovation (Interviewees 16V, 1V) which had largely emanated from contributions by existing small business managers to the DEET consultation exercise.

Innovation at Victorian state level was a more elusive phenomenon on which to develop a focus. I could find no evidence of innovation with regard to Commonwealth funded programmes other than those developed in Canberra. Perhaps this is not surprising given the high level agreement which circumscribed DEET's activities in the area of vocational training. One Commonwealth official at Victorian state level claimed that they were performing an important developmental role in the area of support to industry, but this was countered by Victorian state officials who characterised "the Feds" (Interviewee 28V) as "bureaucrats who are weak in terms of their understanding of training in general and certainly know nothing about small business management training" (Interviewee 22V) and who were "really only engaged in the allocation of government subsidies to industry" (Interviewee 15V).

It is slightly tangential to the point to say that the one exception which I found to the predisposition towards consensus in the Victorian policy system was the relationship between officials of the Victorian Office of the State Training Board and those in the Victorian State Office of the Department of Employment, Education and Training (Interviewees 28V, 24V, 23V, 2V, 16V, 22V). However, this does raise questions about the reliability of the statements made by respondents at Victorian state level. Suffice it to say that the absence of evidence caused me to conclude that administration and not innovation was the central function of the Victorian Office of the Department of Employment, Education and Training, and to look elsewhere for evidence of innovation at Victorian state level.

Here the existence of a vibrant inter-organisational network between state and local interest groups and between state level interest groups appears to have been crucial to development activities, with state agencies facilitating innovation at local level rather than driving it (Interviewees 28V, 27V, 1V). The following accounts suggest that the rationalisation of the state training system and the ability to access existing expert networks which I noted in section 6.6, had produced significant improvements in enabling innovation at local level.

Firstly, an official of the Victorian Office of the State Training Board told me:

> "We now see our role as one of co-ordination and dissemination of good practice. The real development work is done at local level with providers working more closely with industry. In this way we have been able to promote much greater diversity of outcomes at local level whilst still retaining overall control of strategy."
>
> (Interviewee 28V)

Another respondent pointed to the diversity of outcomes which had resulted at local level:

> "Rural Enterprise Victoria, Victorian Women's Trust , Enterprise Connection are all examples of organisations which are able to use funding from a variety of agencies to meet local needs. This means that providers have been able to develop their own approaches. I developed the network approach and now that is being built into the performance agreements which the state has with other centres..... With a number of agencies playing a role, I guess there is still a danger of poor co-ordination, but the Office of the State Training Board has been recognised as the main co-ordinating agency."
>
> (Interviewee 25V)

Claims about diversity of outcomes were confirmed by an examination of the agreed performance indicators for OSTB funded Small Business Centres in 1992 (Office of the State Training Board, 1992), although I conceed that I did not gather sufficient data about the nature of provision across a range of providers to measure diversity of outcomes more directly.

Finally, given the effect which the rigid definition of boundaries apparently had upon the freedom of action of DEET officials at Victorian state level, it is perhaps not surprising that there was less scope for local innovation on NEIS and Skillshare programmes at local level than there was in the state funded Small Business Centres, and this resulted in more homogenous outcomes. This was evidenced by examination of the course framework for 10 out of the 17 NEIS providers. Specifications for the business management element of the Skillshare programme was more difficult to come by, possibly because the Department of Employment, Education and Training did not publish its strategy for developing business skills training in Skillshare until 1990 (Department of Employment, Education and Training, 1990). In fact this document represented more of a distillation of local innovations than an imposition of centrally determined ideas. It had been jointly commissioned by the Department of Employment, Education and Training and the National Skillshare Association and incorporated the results of consultation with Skillshare providers throughout Australia.

The apparent homogeneity of NEIS provision indicated by documentary evidence did also mask a richer diversity of content and encompassed many local variations (Interviewees 1V, 3V, 9V, 27V) and, once again, the inter-organisational connections of provider organisations seemed to play a significant part. One NEIS provider gave the following explanation:

> "Actually the course goes through daily modification around the established framework.....Because there is Commonwealth funding involved, there are strict guidelines about what the money can be spent upon. But we are funded from a variety of sources so we can draw on a whole range of offerings as far as the individual trainee is concerned."
>
> (Interviewee 3V)

Overall then the process of innovation in the Victorian system appeared to depend heavily upon the network of lateral and horizontal inter-organisational linkages which facilitated the dissemination of expertise and the development of ideas and provided a tenable implementation structure to translate vision into practice.

6.13 Innovation in the Scottish network

At first sight the plethora of management and small business management training initiatives which was implemeted in Scotland between 1981 and 1988 has to suggest that the system was capable of a degree of innovation and that this exceeded the innovative capability of the Victorian system. Significantly, a number of my Victorian respondents showed a great deal of interest in these initiatives (Interviewees 1V, 10V, 9V, 23V, 13V) and a substantial slice of my time on return was taken up with collecting programme information for despatch to interested parties in Australia.

However, perhaps the key questions here are whether this apparent increase in innovation was a myth or a reality and, if a reality, at what levels of the policy system such innovation occurred. For instance, at the risk of over-simplification, the broad trend during the 1980s could be described as a move from a system in which provision was designed locally and funded from resources which were held locally but subject to some Scottish level control, to one in which funding was largely negotiated locally for provision which increasingly had to conform to centrally determined design frameworks or criteria. This would imply that any increase in scope to innovate, other than over the relative distribution of financial resources, occurred at GB level. There is also a question about the extent to which this innovation involved the introduction of new developments or the re-packaging of old ones.

Three main trends are worthy of note here. Firstly, the period of the study did initially see increased scope to innovate at GB level, but this trend was significantly reversed by the amalgamation of management training provision into Employment Training. The parallel development of Business Growth Training can be viewed as an exception to this trend. Secondly, the scope for innovation at Scottish level was consistently eroded. This is not surprising given the steady reduction in the strategic and operational significance of this level of the policy system which has been noted elsewhere. What is particularly interesting, however, is the structural impediment to innovation which I discuss below. Thirdly, in spite of an overall trend towards the development of a national framework for all types of vocational training provision, there were 'windows of opportunity' at local level for providers to innovate.

A number of respondents pointed to the period from 1983 to 1987 as one in which there was the most significant increase in the development of management training initiatives (Interviewees 6S, 7S, 24S). One respondent described the process as follows:

> "From being a very low profile branch of Moorfoot, we seemed to grow into one of the most important policy think tanks.....It was very exciting to be involved in that period of growth.....there was almost a sense that we could do no wrong.....ideas flowed and everyone was able to contribute".
>
> (Interviewee 6S)

This rather explosive period of growth can be explained by an alignment of two key individuals with a particularly competitive political context and the existence of expert networks which fuelled development activities.

The first of the two catalytic individuals was a senior official within MSC headquarters who came to the Department of Employment as a graduate senior management trainee (Interviewees 6S, 7S, 24S). His contribution was described as follows:

> "In my view, one chap has had more of an influence on management development in this country than anyone else in this country since the war.....He has both a magnificent intellect and a great capacity to influence.....He was the one who drove it and on many occasions, drove it against lack of interest from senior management in Moorfoot".
>
> (Interviewee 6S)

However, as I have discussed in section 6.11, innovation is not so much about producing good ideas as it is about overcoming any barriers to implementing them. If one man played a significant part in influencing senior officials and securing authority, another seems to have played an equally significant role in securing Treasury backing for these ideas (Interviewees 6S, 7S, 24S, 22S, 1S). His contribution was described to me as follows:

> "He came in from the DTI and brought with him a completely different type of expertise.....He made us look differently at the way we wrote submissions to Treasury. He made us understand the way in which Treasury thinking had moved on and how the pressures on the public purse meant that things had to be expressed not in terms of public good, but on return in investment."
>
> (Interviewee 7S)

This coincidence of key individuals and their ability to behave opportunistically then was viewed as a critical factor in what one observer described as "an explosion of innovation" (Inteviewee 16S). However, the general political context was also important partly because it increased the pressure to produce new initiatives to improve business management.

As I discussed in section 1.8, the Conservative government which came to power in 1983 did so on a wave of promises to build an enterprise culture. This was seen by many respondents as the driving force behind the enhanced status of management training, and in the overwhelming focus on small business management. In essence, the existence of high level political will served to sanction risk taking (Interviewees 6S, 7S, 24S) as the following quotation explains:

> "I had never experienced this kind of freedom.....In any other job which I had done, I would have been terrified of making a mistake.....A lot of the time we were literally flying by the seat of our pants, but nobody seemed to be too much bothered as long as the enterprise banner was flying".
>
> (Interviewee 7S)

However, not all the new programmes which resulted from this process can be categorised as real innovation (Interviewees 6S, 7S, 24S, 12S). For example, the following quotation suggests that sometimes political priorities resulted in the refocussing of existing initiatives rather than in the development of radically new ideas:

> "At the time the government made it perfectly clear that policy should be targeted on small firms so that what we did was to take the best of what we had already learned from the Management Development Demonstration programme and to target it on smaller firms."
>
> (Interviewee 24S)

A final important catalyst for innovation was the existence of an expert inter-organisational network at GB national level. This included university management schools, private sector management development experts and many foreign experts (Interviewees 12S, 6S, 7S, 24S, 16S). As one respondent put it:

> "We had an iron in every fire in those days.....We knew everyone who was anyone in the business of management training.....People wanted to know us largely because we had money and a great deal of freedom to contribute to projects which took our fancy."
>
> (Interviewee 7S)

The co-incidence of high levels of political will, two influential and opportunistic individuals and the existence of expert networks contrived then to produce the prolifically diverse range of management development programmes which appeared during the 1980s. Arguably, political will was the single most important of these factors since it was the removal, or at least the redirection of this will which signalled the reversal of the trend in terms of new programme development. By and large the amalgamation of management training programmes into Employment Training was symptomatic of the rising importance of finding cost effective, preferably employer led, responses to unemployment (Interviewees 22S, 23S, 16S, 2S). One respondent summed this up as follows:

> "Putting enterprise training into ET was the kiss of death.....It was perfectly clear that coercing the long term unemployed was the main aim of the programme - not improving the business start-up rate. At least Business Growth Training came along as a serious option to help businesses. If it had not been for that, we might as well just have forgotten about using training to promote business development ".
>
> (Interviewee 7S)

One might well ask why, if high level political will was so important in sanctioning risk taking and encouraging innovation at GB, this did not also apply at Scottish level. One answer to this appears to be that whilst the political will to promote enterprise was an important catalyst, lack of access to financial resources and the absence of a network of management development specialists at Scottish level did represent

significant barriers (Interviewees 23S, 22S, 1S, 8S). Some difficulties which emerged in relation to the dissemination and implementation of the results of Local Collaborative and Local Development Projects are a good illustration of this. This was explained by a respondent as follows:

> "A lot of good work was done on these projects and there were sound recommendations. However, there was always a problem when the initiative came to an end because we would have to try to persuade other key players in the relevant sector to carry forward the appropriate recommendations. The projects involving management development were even more problematic in that they needed commitment from key players across sectors.....At the end of the day we just had to acknowledge that we did not have the influence and the key contacts throughout industry which we had had in the 1970s and early 80s."
>
> (Interviewee 8S)

As I have discussed in section 6.10, at local level the period of the study saw contradictory trends towards increased freedom to negotiate prices and allocate financial resources and an increase in regulation over programme design. These trends in themselves might have suggested different conclusions as far as changes in levels of innovation are concerned. In fact the respondents whom I interviewed offered slightly contradictory evidence as far as this issue was concerned. On one hand, several respondents claimed that the ability to respond to the needs of the client was inhibited by the introduction of prescriptive programme guidelines and that the increased use of non-expert providers reduced the ability of the delivery system to innovate (Interviewees 1S, 9S, 11S, 18S). The following quotation illustrates this view:

> "The system under ET was about getting high numbers through, not about producing new ideas. Most of what the provider had to do was specified - you didn't get paid for thinking. Let's face it, I know of providers who have people like retired policemen on their staff. What on earth do they know about running a small business? I don't believe that there is sufficient expertise either amongst the current set of providers or amongst the area office staff to come up with any new ideas."
>
> (Interviewee 11S)

Others, however, pointed to the lag between the deadlines for implementing initiatives and the production of programme guidelines as not only encouraging but creating a requirement for local initiative (Interviewees 15S, 11S, 21S). For example, a provider of enterprise training in Employment Training commented as follows:

> "There were all these hefty tombs which were produced at Moorfoot which we were supposed to follow. Often they arrived long after the

> programme had started.....In real life you had to design the programme substantially by yourself.....I bet if you went to several Enterprise in ET providers you would find that the provision is totally different in spite of the fact that all of us are supposedly working to the same overall design."
>
> (Interviewee 15S)

Overall then, the innovation in the Scottish policy system was largely a top down process which was driven by the existence of strong expert networks at national level. This process progressively excluded the Scottish level of the policy system although the strength of the political will ensured that the MSC's tight operational structures continued to translate new developments into practice. The ascendance of new political priorities reversed this process although the accompanying devolution of operational responsibility did create limited scope for innovative and opportunistic behaviour. Any such local activity, however, was frustrated by the absence of expert networks for generation and dissemination of expertise and, therefore, fell very far short of the prolific output of initiatives from the MSC's head office which had characterised the mid 1980s.

This is perhaps an ironic point to leave discussion of innovation in the organisation which Alastair Thomson and Hilary Rosenberg described as "almost obsessively dynamic". However, as Ainley and Corney have said (in 1990), the MSC's original ideas of transforming the face of industrial training had been hopelessly compromised by government's use of it to manage mass unemployment, and management training arguably had fared only a little better than other areas of adult training.

6.14 Conclusions

In section 2.5 I discussed some of the difficulties involved in defining the concept of 'effectiveness'. Central to this discussion was the idea that if effectiveness is about doing that which is right or desirable, then this must raise questions about who is judging. This admits the inherent subjectivity of any measurement of effectiveness and this inevitably must be reflected in any conclusions which I draw about the extent to which these two policy systems became more or less effective during the period of study.

Before going on to discuss the preliminary conclusions which I have drawn from the data which I have presented in this chapter, I have tabulated the responses which were

given to specific questions about effectiveness which were included in the postal questionnaire.

Firstly, respondents were asked to rate the overall effectiveness of the specific initiative which they had been most involved with. This data was supplemented during the interviews to allow for interviewees who had been involved with a number of initiatives. As in sections 5.3 and 5.4, not all of the initiatives which were implemented during the period of the study are included in this analysis because of low response rates.

The responses from individuals within the Victorian network are tabulated below.

Table 6.7 - Overall perception of effectiveness : Victoria

Victorian initiatives (% respondents)	Very effective	Effective	Fairly effective	Not very effective	Not at all effective
State initiatives pre-reform	nil	14	25	52	9
State initiatives-post reform	37	29	18	8	8
NEIS	42	34	21	3	nil
Skillshare	13	10	57	1	19

NB State initiatives pre-reform, N = 55; State initiatives post-reform, N = 60; NEIS, N = 75; Skillshare, N = 72.

These results do show a clear consensus that effectiveness had increased as a result of the reforms. The Commonwealth government funded NEIS programme shows a clear lead in terms of its perceived effectiveness, but this is closely followed by the Victorian state funded initiatives. The Skillshare programme attracted a more ambivalent response. This may be significant for two reasons. Firstly, Skillshare provided training across a range of occupations whilst the other programmes which respondents commented upon were specifically designed to provide business management training. Secondly, the management training component element of Skillshare was a comparatively recent development priority within the programme and, arguably, the outcomes of this development work had not fed through to the mainstream programme delivery.

The results for the Scottish initiatives are tabulated below.

Table 6.8 - Overall perception of effectiveness : Scotland

Scottish initiatives (% respondents)	Very effective	Effective	Fairly effective	Not very effective	Not at all effective
Higher level TOPS	12	47	25	16	nil
Training Within Industry	33	17	25	25	nil
Bridge	42	16	22	10	9.2
Business start-up pre-TFE	26	15	27	22	9.7
Management and Graduate Extension Programmes	29	39	18	10	4
Enterprise in ET	3	5	25	30	37
BGT 2	16	26	41	16	1
BGT 3	40	44	10	2	4

NB Higher level TOPS, N = 39; Training Within Industry, N = 41; Bridge N = 59; Business start-up pre-TFE, N = 60; Management and Graduate Extension Programmes, N = 64; Enterprise in ET, N = 79; BGT 2, N = 61; BGT 3, N = 65.

These results do tend to indicate an overall decline in perceived levels of effectiveness, particularly considering that more than 66% of respondents thought that Enterprise in Employment Training was not very effective or worse, and by 1988 this was the MSC's main vehicle for delivering management training. The much smaller scale Option 3 of Business Growth Training which was considered by some (Interviewees 7S, 1S, 6S, 23S) to be the MSC's flagship offering, did seem to have somewhat redeemed the MSC's declining reputation.

Respondents were also asked to indicate in overall terms how effective the main government agencies had been in dealing with specific policy objectives. The results for both Scotland and Victoria are tabulated below.

Table 6.9 - Effectiveness of agencies : Scotland and Victoria

Effectiveness against objectives (% respondents)	Very effective	Effective	Fairly effective	Not very effective	Not at all effective
Training people to enter managerial positions					
- Scotland	2	14	46	33	5
- Victoria	nil	13	50	29	8
Helping unemployed managers back into employment					
- Scotland	4	22	53	17	4
- Victoria	7	3	37	51	2
Training and developing managers in employment					
- Scotland	18	20	27	29	6
- Victoria	5	12	37	41	5
Helping unemployed people to start up their own business					
- Scotland	19	42	36	3	nil
- Victoria	22	50	19	9	nil
Providing training support for those already in business					
- Scotland	2	30	47	21	nil
- Victoria	5	40	32	19	4
Researching, developing and promoting management training					
- Scotland	2	30	34	34	nil
- Victoria	nil	16	42	36	6
Researching, developing and promoting small business training					
- Scotland	2	38	38	18	4
- Victoria	19	46	27	8	nil

N (Scotland) = 145; N (Victoria) = 102.

Three things are worthy of note here.

Firstly, the results do seem to indicate overall that the MSC's activities were regarded as more effective than its Victorian counterparts. On one level, this is perhaps not surprising. Given the prolific output of different initiatives during the 1980s by comparison with the narrow range of initiatives produced in Victoria, one might argue that at least some of it had to be considered of value. On another level, it is surprising. The MSC throughout the period of the study was attacked from a variety of sources and one might have expected that this public pillorying would have damaged its image. I found Victorian respondents on the whole to be much more loyal and much less critical where their training agencies were concerned. To that extent, these results do support the achievements of the much criticised MSC.

Secondly, as far as the Victorian results are concerned, the training system was clearly rated as much more effective in relation to supporting management training for small business than it was in relation to generic management training. Helping unemployed people to start their own businesses received a particularly favourable response with 72% of respondents registering that they thought that this objective had been addressed effectively or better. Research and development of small business training comes a close second and supporting those already running businesses, surprisingly, scores more highly than the Scottish system.

All of the objectives relating to management training in general, by implication this means management training for big business, were seen as not being addressed particularly effectively. This might be regarded as a disappointing indictment of the Victorian system, given the implications of macro-economic reform which I discussed in sections 1.3 and 1.7. Yet I am convinced that the result would provoke little surprise at any level in the national or state agencies given the unequivocal priority which had been given to developing the small business sector and which I discussed in sections 4.2 and 5.3. Perhaps the same result five years further forward would provoke an altogether more despondent reaction.

Overall the Victorian results do suggest less tension around the distinction between economic, political and social objectives than do the Scottish results which I discuss below.

Thirdly, as far as the Scottish results are concerned, a number of points emerge.

The broadly social objective of helping unemployed people to start their own businesses was judged the most effective area of the MSC's activities with over 60% of respondents rating performance as effective or better and only 3% rating it as not very effective or worse. Yet Enterprise in Employment Training, the largest scale programme which the MSC ever provided in this area, as I discussed above, was regarded as its biggest failure. The results for helping unemployed managers are less convincing. Yet Bridge and the Management Extension Programme were generally regarded as high quality programmes, although they never achieved anything like the volume of delivery of Enterprise in Employment Training.

The arguably more economic objectives of training entrants to management is seen as the greatest failure with 16% of respondents rating it as effective or better and 38% regarding it as not very effective or worse. There is a more ambivalent spread with regard to the development of existing managers and people already in business and the research and development of management training, although research and development of small business training gets a more supportive response.

One interpretation of these results is that the MSC was interested in high volume, low cost and low quality solutions so that costlier, high quality initiatives, like the Management Extension Programme, were never provided in sufficient volume to make an impact on the problem of executive redundancy.

A second interpretation concerns the subjective values attached to the concept of effectiveness. In other words, the responses to individual initiatives reflect the value which respondents attached to pursuing economic objectives whilst responses to the overall effectiveness of the MSC recognise the value which it had to attach to the social, or arguably political, objective of managing unemployment. This apparent dissonance points to the much vexed question of whether the MSC was doing the right thing even if it was good at what it was doing.

Overall then, these results do seem to support the broad conclusions which emerged from the discussion of the qualitative data in sections 5.2 to 5.13.

As I concluded in section 5.14, the reforms in the Victorian training system had secured some improvements in efficiency at least as far as small business management training was concerned. This appears to have been accompanied by improved

effectiveness of the system suggesting that the concepts of efficiency and effectiveness are not paradoxical.

However, here it is appropriate to point to some of the limitations of the analytical tools which I have used. The dimensions of effectiveness which I discussed in section 2.5 included environmental responsiveness. The analysis which flowed from this in sections 6.2 and 6.3 focuses mainly on the existence of environmental scanning devices and their ability to translate intelligence into action. Yet it must be clear to the reader that speed of response is a major deficiency of the Australian system. So far, I have not addressed the issue of whether the reform process improved the system in this respect or made it worse. I will return to this issue in chapter 7.

A further qualification has to be added here in respect of the Victorian level of the policy system. Strictly speaking the foregoing analysis does not support the conclusion that the Victorian level of the policy system improved in terms of the four dimensions of effectiveness which I have used. What it does support is the conclusion that the Victorian level of the policy system was playing an influential and integral part in the improved effectiveness of the system overall, but particularly as articulated at local level.

The analysis of the Scottish system is perhaps even more inconclusive. There is an apparent contradiction between the results which I presented earlier in this section which point to a perceived loss of effectiveness over time, and my earlier analysis of the four dimensions of effectiveness which suggest that, as in the Victorian system, environmental scanning devices were being developed at local level, autonomy was increasing in some respects at local level and some degree of innovation was possible if by accident rather than design, although trends in levels of expertise were somewhat dubious.

Perhaps the answer to this apparent contradiction lies at least in part in the selected focus of the analytical tools which I have used. However, the issue of the increasing redundancy of the Scottish level of the policy system and the lack of articulation throughout the system, in spite of the tightness of the MSC's operational structure, is the most fruitful line of questionning to emerge from comparison with the Victorian system, and I will return to this issue in chapter 7.

CHAPTER 6

NOTES

1. Some semantic and conceptual ambiguity is a danger here. Baker predicates his discussion on a decentralised work structure. This necessarily relates flexibility and responsiveness to decentralised planning and control. The focus of this thesis has been to question whether geographical decentralisation to a sub-national unit does in fact predicate environmental responsiveness in inter-organisational systems.

2. See section 4.7 for a full discussion of this.

3. Sounding Boards consisted of small business managers and advisers who assessed the business potential of proposed new small businesses.

CHAPTER 7

CONCLUSIONS

7.1 Introduction and summary

This thesis started from the two very broad research questions which were "What might be the advantages and disadvantages of devolving responsibility for training strategies from GB level to Scottish level?", and "What are the implications for managing such a policy system?". The underlying aim of the research was to identify any features of the more decentralised Victorian system which might inform the process here.

When the research began, proposals had already been announced to devolve responsibility for vocational training to a new Scottish body. In Victoria, the Commonwealth government was playing an increasingly central role in the development of the Australian vocational training system. In spite of this, the Office of the State Training Board in Victoria remained a key player in all aspects of adult training and the policy system remained much more decentralised than the Scottish one. Section 7.2, therefore, discusses the strengths and weaknesses of the two systems which the study identified in order to draw some conclusions about the potential advantages and disadvantages of decentralisation.

One feature which was common to the two research sites was the inter-organisational nature of the policy systems. At one level the main Scottish funding agency was much more advanced than its Victorian equivalents in terms of using sub-contactors to deliver services, but Victoria was moving increasingly in this direction. At another level the Victorian system was characterised by its ability to manage inter-agency relationships, particularly those between national and sub-national levels of government. Earlier chapters of this thesis, therefore, suggested that one way of understanding how the two systems were being co-ordinated was to focus on the inter-organisational networks which were central to their operation. Section 7.3 takes the issue of inter-organisational networks as the central theme and focuses on the key lessons which the study uncovered about the structural and behavioural characteristics which facilitated their success, or failure.

In arriving at conclusions about the co-ordination of the Scottish and Victorian policy systems, two issues tended to confront me frequently.

The first was the extent to which they were simply case studies of wider trends in the two cultures. This raised questions about whether they were typical or atypical of developments in the public sector in Australia and Britain respectively.

The second was the extent to which my interpretation of their key characteristics was defensible. Personal preconceptions are always difficult to guard against and even my reading of the literature on wider trends may have led me to expect and identify certain characteristics at the expense of other more radical insights. For that reason, in sections 7.4 and 7.5, I have attempted a critical review of the main findings of chapters 4, 5 and 6 in the context of wider developments in the two national settings.

The reader will recall that, in chapter 2, the original research questions were refined and articulated in the following way:

> What patterns of relationship exist between the level of political and administrative decentralisation of responsibility for adult vocational training and;
>
> - the structural characteristics of the policy making and implementation system:
>
> - the behavioural (i.e. decision making and communication) processes within the policy making and implementation systems:
>
> - the efficiency of the policy systems; and
>
> - the effectiveness of the policy systems?

These questions were relevant in relation to the management of the adult training system in Scotland, but arguably they also have a wider relevance given the currency of the Scottish devolution issue and the increasingly significant use of sub-contraction to deliver public services. Section 7.6, therefore, addresses these questions and suggests some avenues for future research.

7.2 Training for the year 2000

When I began this research, both Britain and Australia shared concerns that the existing training systems required modernisation if they were to meet the skills challenges of the next century. Undoubtedly these concerns have increased as the year 2000 approaches.

However, as this study has shown, the structural remedies were not always shared. This section, therefore, discusses the findings of my research in terms of the potential advantages and disadvantages of decentralisation which were identified.

Before drawing what must be admitted to be very general conclusions to the broad question of the merits of decentralisation, a number of qualifications are needed. Firstly, these two systems are very different in many aspects. Even if they were more similar, it would be difficult to induce cause and effect from two case studies. Secondly, only management training initiatives were studied and I would, therefore, not claim that any general conclusions will hold good for all areas of vocational training. Thirdly, both systems demonstrated trends towards organisational decentralisation, particularly the use of sub-contract organisations for service delivery. This has somewhat obscured the focus on geographical decentralisation which was the focus of the research problem and has made the question of cause and effect even more blurred than it might otherwise have been.

In spite of those qualifications, I intend to present some tentative answers to the original research questions, given that the following sections will provide an opportunity to explore these conclusions more critically.

The study has suggested that there may be three main disadvantages associated with decentralised systems.

Firstly, the slow speed of implementation of national initiatives in Australia has to be a major concern and starkly contrasts with the fast delivery which even critics of the MSC found noteable (Ainley & Corney, p.138). Accounts which were given to me about the painfully slow introduction and development of the NEIS and Skillshare programmes suggested that these delays were by no means uncharacteristic (Interviewees 21V, 23V, 41V). This raises an interesting paradox since it has often

been argued that reducing the size of organisations will enhance speed of implementation (Rosenfeld & Servo in Henry & Walker eds, 1991).

In section 1.1 (note 3) I mentioned that one piece of advice which Charles Handy had given to the architects of Scottish Enterprise was that the decentralised form of organisation had a great deal to learn from political federations. I am not sure what he had in mind at the time, but with hindsight the issue of the relational content of linkages seems highly salient. Organisational arguments for smaller units tend to centre on reducing the number of layers in the hierarchy in order to improve speed of decision making (Jacques in Thompson et al, 1991). What they do not do is to distinguish between different types of relationships which might exist between or across levels. In short, there is an inbuilt assumption that these relationships are what Knoke & Kuklinski (in Thompson et al, 1991) identify as "authority/power relations", that is to say administrative relationships in which the distribution of power and the rights and obligations of actors to issue and obey commands are clear.

The accounts of the introduction and development of the NEIS and Skillshare programmes illustrate that the relationships involved are often political rather than administrative, even though they may occur between administrators rather than politicians. In these relationships rights and obligations to issue and obey commands are not so much unclear as non-existent, and the distribution of power is the central focus of negotiations. The research on the Victorian policy system also suggests that these relationships are a major cause of delay in programme implementation (see sections 4.5 and 4.6) .

The implication of this is that whilst decentralised organisations might be flatter organisations with fewer bureaucratic layers, there may be an increase of political relationships between organisations or units of organisations and consequent reduction in the system's ability to translate policy intent into action speedily. It also implies that some policy areas may become routinised in administrative processes whilst others may be more volatile depending on their political salience at any given time and that matters of high political saliency may be the most at risk of tardy action.

The slow development of a competence based qualification system in both research sites is an interesting example of this (see sections 4.6 & 4.9). What is particularly interesting is that this was one area in which Scottish level interest groups played a

significant, and delaying, role and in which overtly political tactics were eventually employed in order to resolve the deadlock.

Secondly, duplication of effort remained an endemic problem in the Victorian system although one of the major benefits of the centralising reforms was the extent to which this problem had been eliminated in some areas (see sections 4.2, 5.12 & 5.14). It is important to address the issue of what differentiated the areas in which progress had been made and those in which it had not. In essence the answer to this question appeared to lie in the extent to which regional differentiation of policy objectives had been achieved. So, for instance, the clear agreement that responsibility for management of unemployment lay with the Commonwealth government had secured significant efficiency gains, but these were not mirrored in infrastructural developments, most particularly the development of the qualification system.

Lastly, the rate of innovation in the Scottish system must surely raise questions about the merits of decentralisation. As this study has shown, the centre in both systems played a significant role in the development of new programmes (see sections 6.12 & 6.13). The rate of dissemination of new programmes in Britain was clearly related to the coherent and integrated national structure of the MSC. In Australia increased Commonwealth government involvement in management training had produced significant new developments. It has to be acknowledged that both systems did enable innovation at local level but this was largely related to the failure of central intervention. As I discussed in section 6.11, studies of innovation tend to stress the importance of decentralisation and, as with the issue of speed of response, the results of this research seem to suggest that this is an over-simplification. For instance, the Scottish research observed the growth of a specialised management development unit in the national headquarters of the MSC and the explosion of new programmes which ensued. In Victoria new developments had been stimulated by accessing existing specialist networks at local level and by studying developments in other countries. There was no evidence in either research site that individual empowerment or freedom from bureaucratic control was having a marked effect on research and development. Indeed the evidence suggested that access to a critical mass of expertise had a much more significant impact on the rate of innovation.

From another perspective, the conclusion that decentralisation might reduce the rate of innovation tends to be supported by a substantial body of literature on federalism which suggests that the same processes of diplomacy and impetus to achieve

consensus also produce homogeneity of responses (Galligan, Walsh in Galligan ed, 1989).

Advantages to decentralisation were more difficult to identify on the basis of this study. Whilst the Victorian system remained at all times a more decentralised system than its Scottish equivalent based on the analysis in chapters 4, 5 & 6, I concluded that the centralising trends were producing improvements overall. However, the very significant degree of decentralisation which remained is worth further examination and does suggest that it offers some advantages.

Firstly, the Victorian system displayed closer integration of training strategy with industrial development at state level. If the period of study was one in which Scottish level interest groups lost sight of, or lost strategic control over, the critical investments which needed to be made in the skills base, then the opposite was true of the Victorian system in which Victorian state interest groups were actively influencing the nature and the supply of training into its industries and mechanisms were being developed to improve the systems ability to predict the skill requirements of its key industries. Admittedly, the development of strategic planning devices in Victoria had perhaps not achieved the desired results as far as management training was concerned, and the debate about the ability of the market to support more NEIS graduates, for instance, did not have a solid basis. However, what the Victorian system did display was a closer constellation of industrial, commercial and government interests around the training issue than was characterised by the Scottish system (see sections 4.4 & 5.14).

This conclusion has to be qualified. Much of the impetus to reform the training system to meet the challenges of macro-economic reform clearly came from the Commonwealth government and it could be argued that the close integration which I observed was a result of centralising trends rather than the inherent decentralisation of the system. However, it did seem significant that the focus of state training support remained firmly fixed on Victoria's changing industry base although this was an area in which the Commonwealth government also had an interest. In short, I concluded that this was an enduring feature of a decentralised system rather than an emerging feature of a more centralised one.

One possible way of interpreting this is to distinguish between those programmes which were developmental and those programmes which were redistributive, and the extent to which effective implemetation for these two sorts of programmes can be

secured through professional, ie bureaucratic or political, administration. Peterson et al (1986) proposed a typology which suggests that developmental programmes can be moderately effectively implemented through professional administration but will be more effectively administered through politicised administration. Broadly, they attribute this to the effects of competition between areas to improve their economic position. Redistributive programmes on the other hand can more effectively be administered by professional administrations and may fail if politicised administration is involved. This phenomenon was observed in a study by Pressman and Wildavsky (1984). Grewal (1981) also argues that redistributive policies should involve central government because of the potential inequity of one community providing services which another does not, although Galligan et al (in Galligan et al eds, 1991) argue that re-distributive policies which involve the supply of goods or services as opposed to cash benefits, do have scope for shared responsibilities between central and sub-central government.

Viewed from this perspective, it can be argued that the integration of training and economic development at Victorian state level is an example of a developmental programme being retained in a political arena. Whilst NEIS and Skillshare still had political implications in terms of their increasing use of providers outside of the TAFE sector, programme guidelines and expectations had been subject to a searching re-negotiation by officials resulting in routinisation of many of the administrative processes with central government taking the lead, supported by some involvement from sub-central government (Galligan et al, 1991, p.20: Peterson et al, 1986, p.14).

Indeed the literature on Australian federalism cited above suggests that redistributive policies aimed at disadvantaged groups such as the unemployed are more effectively delivered by central government. The argument is as follows. Sub-national government is by definition political since it is subject to local pressures. This leads to competition to improve the economic position of the community in relation to other communities. This competition may be beneficial in respect of economic development projetcs but it can lead to inequities in the provision of redistributive assistance. Central government can provide equitably distributed programmes which are professionally administered by officials who identify with policy goals rather than local interest groups.

There is something of a sting in the tail about this argument in relation to building a case for devolving responsibility for vocational training in that it does suggest that

there are advantages in terms of developmental programmes but it also suggests that wholesale devolution of retraining programmes for the unemployed could result in increasingly ineffective implementation. Moreover, given the tendency of the Scottish system to blur or attempt to combine economic and social objectives, deciding what to devolve and what not to devolve might prove difficult (see section 5.4). Indeed this perspective might in part explain the regional differentiation of objectives which seemed more typical of the Victorian system (see section 5.3).

Secondly, the Victorian system did display greater ownership and sense of identity than the Scottish system but it is difficult to argue that this actually materialised into positive, concrete results. The relative absence of a Scottish identity to the programmes which were implemented here can really only be attributed to the centralised nature of the key funding agency, the Manpower Services Commission, in spite of the existence of separate Scottish interest groups such as the Scottish Council for Vocational Education and Training. Perhaps what is key here is the nature and level of inter-organisational activity at Scottish level and I will return to this issue in section 7.3 when I discuss the abiding differences which seem apparent between the Scottish and the Victorian networks.

These conclusions about the advantages and disadvantages of centralisation do have clear implications for the management of any new agency at Scottish level.

Firstly, in terms of structural arrangements, what seemed critical in the Victorian system was not the structure of the state level agency itself, but the extent to which it was able to provide a focus for the co-ordination of national, state and local interests. Arguably this was what the pre-reform Victorian system had failed to do and, as I argued in section 4.10, the policy network prior to 1987 was in some ways a more decentralised system than that which emerged in the post-reform period. One way to look at this apparent paradox is to accept that, certainly as far as management training initiatives were concerned, there was little meaningful state level presence in the pre-reform period. Whilst the subsequent parallel development of both national and Victorian state level activity in the area might be regarded as a form of centralisation, it is perhaps important to focus on the characteristics of the structural arrangements which emerged at Victorian state level in order to understand what was significant in terms of sustaining the emerging, and arguably dominant, role of the Victorian level of the policy system. I will return to this issue in section 7.3 since much of this appears to hinge on the characteristic features of the Victorian policy network.

Secondly, the structural configuration which I have discussed above has implications for the management skills of the individuals involved in the policy network.

Firstly, the maintenance of a strong focal point for co-ordinating inter-organisational interests at national, sub-national and local interest level suggests the development of entrepreneurial skills and the professionalisation of managerial work in the policy sector (Moss Kanter, 1991, p.300). This did seem to be borne out by the patterns of development of expertise in the Victorian system, particularly at Victorian state level.

Secondly, the maintenance of co-operation in the Victorian system rested heavily on skills of diplomacy which were not characteristic of managerial behaviour in the Scottish system or, arguably, of the managerial profession more generally. This raises interesting questions about what might be regarded as an appropriate background and career profile for senior managers in Scottish Enterprise, given the increased need to initiate and maintain a network of relationships which are likely to be more strongly political and less clearly administrative than those which formed the long line management chains characteristic of the MSC.

7.3 Networks and sub-national government

In section 7.1 I mentioned that one of the complicating factors related to this study had been the simultaneous trends in levels of geographical centralisation and levels of organisational centralisation, and the attendant difficulty of relating cause and effect.

A second complication arose from the methodological difficulties associated with attempting to track changes in two systems over time. The result was that the data had to be aggregated to represent the implementation structures in the two sites and then re-analysed using a different framework to show change over time.

Whilst the original aim was, as far as possible, to track the longitudinal dimension, this section will focus on the aspects of the two systems which seemed to be inherently and lastingly similar or different. There are two main justifications for this approach to the material.

Firstly, I originally characterised the Scottish system as one which had been moving towards devolution during the period of the study, and the Victorian system as one

which was becoming progressively more centralised. This was shown in chapter 4 to be an over-simplification of the truth.

The Scottish system may well have been moving chronologically towards the establishment of Scottish Enterprise but the data does not support the view that a more decentralised implementation system was being developed to support this. Indeed there are signs that it may have been moving in quite the reverse direction. There were clear signs in Victoria of more extensive intervention from the centre but the state level apparatus was also undergoing significant development.

Given that conclusions about the overall trends in centralisation are somewhat more complex and less clear than I had imagined they might be, the need to focus on change over time is perhaps less fruitful. A second, related reason is that the analysis in chapters 4 to 6 clearly indicates that in spite of centralising trends, the Victorian system remained more decentralised and that certain processes were key to maintaining the balance of power between state and Commonwealth officials. It is, therefore, useful to focus on what the key features might be.

In section 4.4 I identified a number of key structural features of the two policy systems and went on to develop explanations for these in relation to programme implementation. This section attempts to take that discussion further and to synthesise data about behavioural processes and, in particular, to relate the pictures which have emerged of these two systems to existing typologies of sub-central government.

First of all, it has been argued that any form of organisation can be described as a network (Wellman & Berkowitz, 1988: Bradach & Eccles in Thompson et al). This includes organisational configurations which are more routinely differentiated by the terms 'hierarchy', 'market' and 'network' (Bradach & Eccles, ibid). Central to much of the literature on these organisational forms is the issue of how they differ in terms of the nature of the links between actors as well as the actual structural configuration (Thompson et al, 1991). In particular, networks are regarded as being based on bonds of co-operation, consensus and trust, whilst hierarchies function principally on authority/power relationships and markets are controlled by the price mechanism (Bradach & Eccles, ibid).

Viewed from this perspective, the two policy networks vary to quite a considerable extent with the Victorian system conforming more closely to the concept of a network

and the Scottish system conforming more closely to that of a hierarchy. As this study has shown, the process of implementing the major reforms in Victoria was characterised by a somewhat ritualised form of co-operative behaviour which appeared to be designed to ensure consensus. The question of trust is, however, problematic. Lack of trust, particularly between state officials and Commonwealth government officials, was frequently evident, yet co-operative behaviour ensued. This contradiction can partly be resolved if we view the concept of trust not as an altruistic quality but as a rational assessment of the extent to which another will engage in opportunistic behaviour (Thomson, in The Open University, 1992, Unit 14: Lorenz, in Thompson et al, 1991). Such a calculated approach to the control of uncertainty was frequently present in reports of federal/state exchanges in which officials displayed an informal understanding of the limits to one another's likely behaviour. Most of the evidence in the Scottish system points to a heavy reliance on formal line management relationships to secure implementation. Indeed, some of the problems related to the introduction of extensive sub-contracting were identified as relating to the inappropriateness of this sort of relationship in a market environment.

Other typologies of networks emphasise that different types of networks can be distinguished by various dimensions of their structures. Rhodes (1986, ch.2), for instance, argues that these dimensions include "constellation of interests", "membership", "vertical interdependence", "horizontal interdependence" and "distribution of resources". Whilst data was not collected along all of these dimensions in the Victorian and Scottish networks, it was possible to identify that the Scottish network typically displays the characteristics of what Rhodes has termed "policy communities" whilst the Victorian network displays more of the characteristics of "territorial communities" (Rhodes, in Thompson et al,1991, pp 203-214). Firstly, the Victorian network displayed a wider range of membership than the Scottish network. Secondly, there was more of a tendency towards strong interdependency and vertical interdependency in the Scottish network than the Victorian network which displayed more horizontal interdependency, most markedly at state level, and generally weaker interdependency and a more atomistic structure.

The conceptualisation of the Scottish network as a 'policy community', ie highly integrated, with restrictive membership, vertical insulation from other networks and functionally based on service delivery responsibilities, is supported by the qualitative data which pointed to the relative insularity of the MSC from, for example, the Industry and Education Departments of the Scottish Office, the Scottish Development

Agency, local authorities, bodies representing Scottish industrialists and other bodies, such as the economic development units of local authorities, with an interest in improving business capability, especially small business capability. Moreover, as this study has shown, this was especially true of the Scottish level of the policy system and, as the study has also shown, this trend towards vertical insularity increased over time when arguably vibrant relationships should have been developing with networks with overlapping interests at Scottish level in preparation for greater devolution.

The Victorian network, in spite of centralising trends was able to maintain a strong 'territorial community' at state level. This included strong penetration of other business development agencies, such as the Small Business Development Corporation, the Victorian branch of the Department of Industry, Trade and Commerce, the Victorian branch of the National Skillshare Association and state level industrial interest groups.

The local levels of the policy networks in the two research sites were also interesting and here Rhodes' model (in Thompson et al, 1991, pp 203-213) is once again useful in distinguishing between what in Victoria appears to be an 'issue network' and what appears in Britain to be more akin to a 'producer network'. Rhodes (ibid) characterises 'issue networks' as consisting of a large number of participants with limited levels of interdependence. Commonly there is no single focal point at the centre with which other actors need to bargain for resources. He distinguishes these from 'producer networks' which tend to be characterised by competition between members for government resources.

My conclusion regarding the nature of the Victorian and Scottish policy systems is based largely on qualitative data which suggests that Victorian providers were largely much more altruistic about their involvement in delivering government sponsored management training, and were regarded as influential players by officials. For instance, I came across examples of Skillshare providers producing operating guidance for the programme which was subsequently published by the Department of Employment, Education and Training. This may explain the relatively greater participation in policy making at local level in the Victorian network. Scottish providers were increasingly being seen as simply sources of a service so that relationships with officials were increasingly becoming purely economic.

Three issues may be significant here. Firstly, the process of sub-contracting of training delivery had advanced further in Scotland than it had in Victoria. This was

accompanied by more intricate contractual and quality control mechanisms which raises a question about whether the instruments which had been developed to police the system were in fact counter-productive in terms of producing a competitive rather than a collaborative climate. Secondly, private sector providers were much more in evidence in Scotland as opposed to the non-profit sector which dominated the provider network in Victoria. This raises interesting questions about whether the collaborative behaviours which I observed in Victoria could survive the privatisation which was on the agenda. Thirdly, as I discussed in sections 6.6 and 6.7, Scottish providers were more likely to be engaged solely on providing MSC funded programmes whilst Victorian providers were more likely to be insulated from commercial pressures partly because of funding from a variety of sources and partly because many were still located within large colleges. This may have some bearing on the 'softer' approach which officials in Victoria adopted to their providers.

In conclusion then, the enduring features of the Victorian policy system appear to be the existence of strong territorial and issue networks whilst the Scottish network can perhaps best be described as a policy community or perhaps even a hierarchy perched on top of a market. In short the period in the run-up to the establishment of Scottish Enterprise did not feature the development of the strong territorial communities which were central to the maintenance of the decentralised Victorian system.

7.4 Consensus, persuasion or resource availability?

The analysis in chapters 4, 5 and 6 closed with some tentative conclusions about the nature of the Victorian policy system. Some of these were expressed explicitly, others perhaps were more implicit in the choice of language or selection of material. This section begins with a summary of these conclusions. However, for the reasons which were outlined in section 7.1, it goes on to look critically at these conclusions to tease out other possible avenues of interpretation and to assess the extent to which more general trends in public policy throw light on the case study of the development of vocational training initiatives.

Firstly, if we define centralisation in terms of the extent to which the centre is involved in implementing programmes at sub-national level, the Victorian policy system undoubtedly became increasingly centralised during the period of the study, most notably in the expanding role which the Department of Employment, Education and Training was playing in labour market programmes. The extension of its activities on

the qualification infrastructure was an obvious but less conclusive area of development. The mirroring of formal structures in relation to vocational training agencies at national and state level can also be interpreted as the assembly of a conduit between national policy and state level implementation.

However, if we define decentralisation in terms of the extent to which a sub-national unit has autonomy over its own affairs, the Victorian system can also be said to have retained, if not developed, a high level of decentralisation. The growth of Victorian state involvement was most notable in the development of the state funded network of Small Business Centres, the development of strategic planning models at state level and the development of competence based qualifications.

Overall, then, I conclude that this was a rationalisation of a policy area in response to its growing importance and that centralisation and decentralisation were not always contradictory in this process. However, it was a process in which the state of Victoria retained the overall balance of power as the experience of the discontinuation of the NEIS programme proved.

This rationalisation process was reflected in the structure of the policy network which became tighter and more integrated over the period of the study, developing more of a tendency towards vertical integration than it had in the earlier part of the period. However, overall, it had succeeded in retaining its network-like characteristics. This included inter-organisational diversity at Victorian level, dispersal of power, openness of membership and the maintenance of vibrant 'territorial communities' and 'issue communities'.

In terms of the efficiency of the system, the reform process had made significant progress. Consistency of understanding of policy objectives had improved and although the degree of regulation had increased standardisation of decision making, this was regarded as enabling and as a factor in maintaining the balance between the federal and the state governments. Whilst systems for information transfer retained a strong emphasis on informal, personal and verbal communication, there had been a degree of formalisation of communication processes, most notably the development of forums for multi-directional communication and channels for conflict resolution at a senior level.

There was still significant room for improvement in the overall co-ordination of the system, particularly between the Victorian state and Commonwealth vocational training agencies and in the bridging between programmes such as NEIS and Skillshare. However, improved co-ordination had been a major objective of the reforms following the recommendations of the Kirby Report (Commonwealth of Australia, 1985a) and this study found that there had been progress in this area.

Although respondents in the Victorian system did not rate its effectiveness as highly as their counterparts in Scotland, this too appeared to have improved over the period of the study. There had been attempts to develop the responsiveness of the system to its environment by developing environmental scanning devices, notably at Victorian state level, although these had not made a significant contribution to understanding supply and demand in the area of management training. More had been achieved at local level through the provider network.The process of rationalisation of the Victorian state training system had promoted both autonomy and innovation at local level and the process of renegotiation of the boundaries of responsibility of the respective tiers of government had been achieved without undermining the historical autonomy of the Victorian state agencies, although the mutual clarification of expectations did facilitate freedom of action within prescribed limits for other actors in the system. Finally, improvements in the effectiveness of the system had been assisted by tapping into existing expert networks particularly in the area of small business management training.

So far this thesis has argued that these changes had been facilitated by a set of behaviours and processes which enabled the fine balance between better central co-ordination and over-bureaucratisation and between state level and Commonwealth interests to be struck and maintained. The view of these behaviours and processes which has been developed in this thesis so far is summarised below, followed by a critical review of that position.

The view, then, which has emerged from this thesis is that the period from 1985 to 1992 was one in which management training in general, and small business management training in particular, emerged as a priority policy area for both the Commonwealth government in Canberra and the Victorian state government in Melbourne. This pushed the policy area into a new phase of inter-governmental politics in the evolution of programme administration.

Galligan et al (in Galligan et al eds, 1991) have proposed a framework which explains the process which then followed. They assume that for each level of inter-governmental relations there is a spectrum of policy issues ranging from 'high' to 'low', and that the 'high' will be dealt with at the most senior political level while the 'low' can be routinised in administrative structures and processes. This framework can be represented diagramatically as follows:

Table 7.1: Inter-governmental relations framework

Type 1 *High Commonwealth and high state politicisation	**Type 2** High state and low Commonwealth politicisation
Type 3 High Commonwealth and low state politicisation	**Type 4** *Low Commonwealth and low state politicisation

Adapted from Galligan et al (in Galligan et al eds, 1991)

* Galligan et al (ibid) further categorise type 1 programmes as "High Inter-governmental Politics" and type 4 as "Joint Inter-governmental Administration".

Viewed against this framework, the development of small business management training had become politically visible and the process which I observed was one in which officials were attempting to establish it as a type 3 programme and remove it from the high political spotlight which type 1 programmes attract. Arguably, attempts to establish it as a type 4 programme (i.e. jointly administered), such as the first phase of NEIS, had failed. The evolution of the qualification structure can be viewed as still undergoing efforts to move it from type 1 to type 4. Only time will tell whether this was going to be successful.

As I discussed in section 5.3, the issue of management training more generally was associated in the minds of Australian policy makers as distinct and associated with big businesses. It arguably was emerging as a type 3 policy area given the beginnings of Commonwealth government interest.

This perspective is helpful in that it illustrates that federalism in Australia is characterised by a type of inter-governmental relations which are focused on the management and resolution of conflict (Sharman in Galligan et al eds, 1991, p.35).

This was a managed process characterised by regional differentiation of policy objectives resulting in the transfer of responsibility for labour market programmes (i.e. programmes targeted principally on the unemployed) to the Commonwealth government as federal and state officials sought to confine the potential areas of high inter-governmental politics and possible conflict. It was also a bureaucratic process in which programme guidelines and expectations were re-negotiated and routinised in administrative structures and processes.

As we have seen, the selection of new NEIS and Skillshare providers remained a type 1 policy area. I did not find any evidence that attempts had yet been made to re-negotiate responsibilities in this area and reduce the potential for conflict which leads me to conclude that it was either regarded as not capable of routinisation or that it was simply further down the agenda and that time would take care of the issue. The matter of the ownership of the TAFE system was rather more problematic. As I discussed in section 4.6, officials had made efforts to secure agreement on this but had failed, leaving the matter to be resolved in the high inter-governmental political forum of the Premiers' Conference. This too had failed to secure a resolution.

Here a gap in my data emerges. Based on my research, I had concluded that an impasse had been reached. The publication in February 1992 of Prime Minister Keating's statement One Nation (Commonwealth of Australia, 1992a, p. 56), therefore, came as a surprise in that it proposed that the Commonwealth would take over full funding responsibility for the TAFE system, with the states retaining responsibility for the management and administration of the system. One explanation of this might be that diplomatic efforts had simply failed and that this had resulted in a degree of frustration at Commonwealth government level leading to a decision to abandon diplomacy and raise the issue higher on the inter-governmental politics agenda. It is also possible that I had simply failed to uncover some important data about the progress of these negotiations. However, I will return to this issue later in this section.

Where the process of re-negotiation had been successful, this study found that it was characterised by a type of ritualised informality in which consultation, co-operation and trust played key roles. Overall, the process was based on a shared commitment to achieving consensus. Admittedly, it was a slow process involving prolonged

negotiations between high level officials who often simply had to begin the whole process again when faced with blockages by one or a few states.

However, the 'offer' made by Prime Minister Keating in February 1992 to take over the funding of the TAFE system also revealed an alternative view of the rather persuasive, consensual process which I have described. My surprise can easily be explained in terms of a gap in the data which was collected, but the officials with whom I was working at the time were also surprised and regarded this move by the Commonwealth government as controversial and provocative (Interviewees 30V, 28V, 46V).

Two other views of the process may be significant here. The first is that the apparently consensual approach can be attributed to a deliberate manipulation of resource availability by the Commonwealth authorities. The second is that the managed, administrative nature of the process is actually a dysfunctional effect of Australian federalism.

The 'resource availability' thesis has some support in contemporary debate about Australian federalism, particularly on the fiscal nature of federal/state relationships in Australia (Grewal, 1989: Matthews, 1986). As Galligan et al (1991) have said:

> "As is well known, Australia has the most acute vertical fiscal imbalance of any federation because of the commonwealth's monopoly over income tax and the preclusion of the states from levying sales taxes on goods. This makes the commonwealth fiscally dominant and more or less ensures that fiscal issues take first place on the intergovernmental agenda."

This raises the question as to whether the re-negotiation of the respective roles of the Commonwealth and the Victorian state governments really involved a consensual process rather than a persuasive one in which the Commonwealth made resources available to encourage implementation. So what, if any, evidence was there that this was the case?

Firstly, the re-introduction of NEIS to Victoria saw a distinct shift in terms of how it was publicly presented. The NEIS programme, prior to its temporary suspension in Victoria, was jointly marketed and administered. Following its re-introduction in1990, it appeared firmly in the Commonwealth Department of Employment, Education & Training's portfolio of programmes (Department of Employment, Education and

Training, 1991a) with no reference to joint funding, although the state of Victoria continued to pay start-up grants. The move to a Managing Agency model for delivery of an expanded programme and the subsequent introduction of competitive tendering which resulted in the removal of contracts from TAFE providers in favour of private sector or non-profit sector providers, could be viewed as conscious manipulation. However, this study did not collect data about the scale of the resource implication of removing the marketing and administration burden from the state so I am not really able to judge, or indeed argue, that this was a significant enough financial enticement to persuade the state of Victoria to allow the Commonwealth government to secure a foothold in this area.

Of course, in a more general sense the Commonwealth's extended role in the funding of labour market programmes can be interpreted as a rich bribe to the states since it enabled them to tactically withdraw funding from a politically sensitive area. Again this study did not gather data about the financial savings which the state of Victoria might be able to make if it withdrew funding entirely from programmes for the unemployed, but this was bound to be at least significant.

However, in section 4.6 I discussed the rather high level negotiations which took place between DEET in Canberra and local officials over the appointment of any new Skillshare providers. At one level this appeared to be a facet of the high political salience of such appointments for both the Commonwealth and the Victorian state government and part of the delicate process of retaining balance. At another level it might be regarded as a manipulative move by the Commonwealth government to secure a financial stranglehold over the delivery infrastructure.

For instance, if the controversy surrounding the gradual erosion of the TAFE system through the development of an alternative local delivery system were to erupt into open conflict, the Victorian government, arguably, would have to balance the case for blocking Commonwealth funded developments against the possible local political consequences of being perceived to have been instrumental in the withdrawal of retraining services for the unemployed. In short, the direct resourcing link from Canberra to non-profit organisations at local level could be perceived as a resource conduit which secured powerful leverage for the Commonwealth government.

Viewed from this perspective, Prime Minister Keating's 'offer' of providing full funding for TAFE whilst leaving management control in the hands of the state

governments might have proved to be a much bigger 'Trojan horse' than Skillshare Managing Agencies had been. Unfortunately, I did not remain in Australia long enough to see the outcome of his proposal.

This brings me to a final point about the functioning of what Smiley (1987) has described as executive federalism. Sharman (in Galligan et al eds, 1991, p.25) has described executive federalism as:

> "characterised by the channelling of intergovernmental relations into transactions controlled by elected and appointed officials of the executive branch. This contrasts with the much more open and diffuse pattern of intergovernmental relations to be found in the United States (Grodzins, 1966: Wright, 1988), where the separation of powers of a presidential system creates opportunities for great diversity of intergovernmental relations and includes the legislature as a major independent actor (note Gibbins, 1982)".

Sharman goes on to review some literature on federalism in the US and Canada. One strand of the argument which he reviews is that the bureaucratic management of inter-governmental relations and the consequent reduction of the political interaction between federal and state governments is a threat to the processes of representative government because it restricts the avenues for interaction between governments.

As I discussed in section 4.6, much of the progress which had been made in the implementation of the Skillshare and NEIS programmes had been secured through consultation and negotiation between senior officials in order to prevent conflict being formalised in the political forum of the Premiers' Conference, although this process had failed as far as ownership of the TAFE system was concerned.

Viewed from the perspective of the possible dysfunctional effects of executive federalism, the skill of Australian officials in reaching compromise over vocational training matters does not seem quite so healthy. Access to training for existing managers and small business managers and retraining for unemployed executives or aspiring small business owners is potentially a voting issue, as is the nature of the accreditation system. What a federal system does in theory is to provide more points at which a voter can support or dissent from government policies, and this promotes open competition between governments (Sharman, in Galligan eds, 1991).

The kind of behind the scenes diplomacy which had secured the implementation of NEIS and Skillshare can, therefore, be viewed as an attempt to form a cartel of executive agencies which will manage transactions between them, thus interaction between governments and the scope for voters' choice is reduced. This would suggest that the open inter-governmental networks which were identified by this study encompass smaller networks which are closed, bureaucratic and collusive in their behaviour.

I have to conclude this section by reminding the reader that the discussion in this section has been included partly for purposes of critical balance and to suggest other avenues for future research. As I have indicated, the debate about the extent to which the Australian federal process is consensual or coercive is current, but unresolved, in the literature on inter-governmental relationships. As such, any of the views of the process which I have discussed in this section could be argued to be characteristic of wider trends in Australian public policy.

However, the view which I formed from the data collected on the process of making and implementing policy on management training favours the 'consensual' view as emerged from the analysis in chapters 4, 5 and 6. However, these views of the truth are not necessarily mutually exclusive and I do not discount the importance of securing Commonwealth resources in the process of negotiation which I studied, or the extent to which the federal process gravitated against diversity of policy outcomes and, therefore, perhaps reduced the choice for voters.

I also have to accept the possibility that the research instruments which I used simply failed to elicit data to support strongly the 'resource availability' hypothesis. However, this does suggest that there is potential in more narrowly focused studies than this one has been. In particular, it suggests that studies which focus on the process of negotiating implemetation and studies which concentrate on the detailed flows of resource between the Commonwealth and the state of Victoria might help in our understanding of the implemetation of vocational training policies, or indeed of other policy areas.

7.5 Cock-up, conspiracy or catalyst for change?

It is probably true to say that history has been fairly critical of the achievements of the Manpower Services Commission (Benn & Fairley eds, 1986: Brown & Fairley eds,

1989), although Ainley and Corney's Training for the Future: The Rise and Fall of the Manpower Services Commission (1990) does provide a balanced account of its development and changing fortunes. This study too has tended to highlight some of the structural characteristics which earned it criticism on the grounds of failure to consult (Maxwell in Brown & Fairley eds, 1989, pp 153-156) and inability to develop Scottish policies (Kaufman in Benn & Fairley eds, 1986, p.138).

Perhaps these criticisms are justified. However, this section aims to examine the findings of the study in a critical light. In particular it will look at the development of the management training policy network in relation to wider trends in the delivery of services in Britain, and questions whether the apparent destruction of inter-organisational forums at Scottish level was really a failure to accept the inevitability of devolution, a deliberate tactic designed to limit the power of any new Scottish body or part of a much more radical restructuring of public sector organisations.

In section 7.4 I suggested that centralisation can be defined either in terms of the extent to which the centre intervenes in the implementation of programmes at sub-national level or in terms of the extent to which a sub-national unit has autonomy over its own affairs. In the case of the Victorian system this presented certain paradoxes. No such paradoxes are evident in the way in which the Scottish system developed in that during the period of the study there was a clear erosion of the role of the Scottish level of the network in both policy making and operational terms. Responsibility for the former increasingly became located at the centre and responsibility for the latter was increasingly devolved to local level.

If there was polarisation in terms of responsibility for whole areas of the vocational training system in Victoria (e.g. labour market programmes), then a similar polarisation occurred in the Scottish system, but this involved separation of responsibility for different aspects of the same programmes. In particular, it involved more local control over the price of standardised training programmes and the concentration of responsibility for policy making and programme design at national level.

At one level it could be argued that this was a short sighted development given that some form of devolution to Scottish level was being considered. However, viewed against the backdrop of wider developments in Britain's public sector, perhaps this can

be seen as an inevitable trade-off for securing wider policy objectives related to public sector reform.

Three related issues may be of relevance here. Firstly, strong networks, particularly professional networks, can be seen as a threat to right wing reforms of the public sector which took place during the 1980s. Secondly, far from abandoning hierarchies, the Conservative administration of the 1980s introduced modified versions of hierarchical control to strengthen the power of the centre in conjunction with the creation of local markets in which the public were viewed as consumers and the focus was on individual choice. Thirdly, the outcome of the two trends which I have just mentioned was the development of what David Coates (1991, p. 156) has called a "free market" working in conjunction with a "strong state".

The clash between central government hierarchies intent upon tighter financial control and professional networks can perhaps best be illustrated by developments in the National Health Service (NHS). Christopher Pollit (in The Open University, 1992) argues that the wave of managerial, organisational and financial innovations which began in 1982 were essentially aimed at economy and higher productive efficiency. He goes on to argue that government wanted health authorities to adhere more closely to centrally determined policy objectives and that this led to the creation of tighter hierarchies (Harrison, 1988: Harrison et al, 1990). However, he says, there can be impressive surface alterations to organisations without the underlying power structure necessarily being altered very much and in the case of the NHS it was the powerful professional network of the medical profession which formed the most significant opposition to reform (Strong & Robinson, 1990). Pollit sees the publication of Working for Patients in January 1989 as at least a partial acknowledgement of medical resistance to managerialism and the introduction of a more radical solution to the problem. Henceforth, hospitals and other health services were to be supplied through a series of 'provider markets' which were to be created and policed by the state itself.

This combination of the development of modified forms of hierarchy along with markets for service provision can be seen in other areas of the public sector during the 1980s.

For instance, the Education Act of 1988 imposed a national curriculum on schools, enhanced the management powers for governing bodies and created a quasi-market for state schooling. Levacic (in The Open University, 1992, Unit 18), however, argues

that in Scotland both the internal market and hierarchy are less pronounced than in the rest of the UK because the Scottish Office has felt less need to extend hierarchy leaving the policy network more in evidence.

One might have imagined that the area of housing policy would best illustrate Conservative free market philosophy given its transformation from a system dominated by private renting to one dominated by home ownership. Yet Forrest and Murie (1988) argue that the 1980s saw the growing power of central government in this area. They point to the decreasing freedom and power of local government to determine its building programme and rent levels. Paradoxically this concentration of central government power has been conducted with the goal of achieving a freer market with more consumer choice. They say:

> "As in other areas of state involvement the consequence, if not the intention, of recent policy development has been to strengthen the central levels of government at the expense of the local levels. Arguably, therefore, the state is not so much 'rolled back' as withdrawn into a centralist shell less open to democratic demands and public scrutiny."
>
> (p.28)

Viewed from this wider perspective, the development of the management training policy making and implementation system in Scotland which I traced in chapters 4, 5 and 6 is perhaps less paradoxical than it might otherwise have seemed.

The development of a tight, vertically integrated hierarchy with its apex located at national rather than Scottish level, coupled with a horizontally integrated local provider network which was controlled by increasingly tight regulation, is entirely consistent with the models which I discussed above. The former is a modified form of hierarchy which was characteristic of Conservative government in the 1980s in that it was increasingly undemocratic and closed, reducing choice at Scottish level in terms of training strategies. The introduction of Employment Training to Scotland in general, and the insistence that management training programmes for the unemployed had to be subsumed into the ET portfolio are cases in point. As Spiers (in Brown & Fairley eds, 1989, p.189) says:

> "This problem reached its sharpest form when Scottish voluntary organizations, local authorities and trade unions all agreed that Employment Training was unsuitable for Scottish needs, but neither the Scottish Committee nor the MSC staff in Scotland were able to make

alterations to the UK structure with the result that in 1988 there was a large scale boycott of ET in Scotland."

As we have seen, this boycott was largely ineffective because the creation of local 'producer networks' had effectively weakened any opposition which might have come from the professional networks of teachers and lecturers which were more evident in the delivery of management training under the Training Opportunities Programme. In short, if colleges would not deliver the Enterprise in Employment Training Programme, other private and voluntary sector organisations would, and did.

This perspective leaves us with the question of whether the withering of Scottish level networks was an inadvertant by-product of the pursuit of more important policy objectives or a deliberate strategy designed to disarm Scottish opposition to government policy. This study has not addressed this question but it does suggest a fruitful line of enquiry in the effects of 'marketisation' on Scottish level networks across a variety of sectors.

One other question which comes to mind concerns the benefits of this apparent 'free market' in terms of consumer choice. For instance, it has to be acknowledged that the developments of the 1980s saw the creation of a much more diverse infrastructure of providers of management training. This raises the question of whether 'customers' really can exercise choice when access to training is regulated by the state employment service.

Equally it raises questions about the benefits of such choice for employed individuals. By the end of the period to which this study relates, there had been little progress on the development of management qualifications based on national standards. Since then a comprehensive system of qualifications has emerged. So too has a perplexing array of institutions which are accredited to deliver these qualifications. Arguably this raises doubt about the ability of individuals to make discerning choices about course content and method of delivery in what is a somewhat specialised area. However, I acknowledge that these are questions which are outwith the scope of this study and accept that, regardless of whether the outcomes of the process are viewed as beneficial or not, the developments which took place in the implementation system do seem well matched to the task which it had in hand.

This brings me to a final point about the significance of these developments from the perspective of our understanding of inter-organisational systems.

Arguably, vocational training was an early, but little publicised, revolution in the organisational sense, particularly in the creation and management of provider networks. As such it may have much to yield in terms of understanding the mechanisms which were used to control performance, ensure speedy implementation in line with policy intent and check quality. These issues have not specifically been addressed in this study, but could form the basis for future studies.

In The Age of Unreason (1989) Charles Handy tackles the issue of the central difference between decentralisation and federalism in organisations. Put simplistically, his arguments suggest that decentralisation is something which is likely to fail because of the cost of central monitoring of independent operations. Federalism is more likely to succeed because it capitalises on the advantages of bigness in terms of the development of strategy and the benefits of smallness in terms of flexibility and speed of response.

This raises an important question about the extent to which vocational training became a model for decentralisation or for federalism. Whilst this question was not addressed directly in this study, the answer has become evident in the foregoing analysis. Not surprisingly, if we consider the relationship of the centre to the local delivery apparatus, the analysis of the Scottish network points to the flows of communication to and from the centre and the sort of central direction which Handy says are typical of decentralised organisations (Handy, 1991, p.94). It does not display the reverse delegation or co-operative relationships which he says are typical of federal organisations.

This is not to diminish recognition of the very significant achievements of the MSC in terms of its development of delivery mechanisms, but there is a sense in which the establishment of Scottish Enterprise perhaps calls for an understanding of the federal approach to organisation, particularly given the ascendancy of the European Union and Scotland's evolving role in it.

7.6 Revisiting the central research question

In section 2.6 I reviewed some existing theory about the relationship between structure, behaviour and efficiency and effectiveness and concluded that this theory fell short of any testable hypothesis about the likely effects of devolution. However, it did suggest a pattern of relationships between levels of centralisation, the structural characteristics of the policy system, the behavioural aspects within those systems and their efficiency and effectiveness in relation to their respective environments.

It is perhaps not surprising that this thesis does not claim to have established generalisable results concerning the relationship between these variables. This may be a reflection on the broadness of the research question or methodological deficiencies, but it is most probably due to the complexity of the relationships involved which suggests that any insights gained are likely to be incremental. However, in order to focus on the extent to which this study has been able to address these questions adequately, this section takes the guiding theories which were discussed in section 2.6 as a starting point and questions whether the evidence presented in this thesis supports, refutes or enhances these theories.

To summarise then, both policy systems were becoming more centralised in that the Commonwealth government was assuming more responsibility for specific areas of vocational training in Victoria; in Scotland policy making and programme design were becoming increasingly centralised. Both systems were also becoming more decentralised in that local service delivery was increasingly being sub-contracted. In Victoria the reforms do appear to have secured efficiency gains and to have made the system more effective. In Scotland both efficiency and effectiveness seem to have been hampered by the increasingly closed policy system.

One of the first areas of theory which was explored in section 2.6 concerned the likely relationship between increased central control and the structural characteristics of the policy system. Broadly speaking arguments about centralisation tend to suggest that this will be accompanied by increased vertical integration within the system although much of the work which has been done in this area has focused on organisational systems rather than inter-organisational systems (Handy, 1991).

The study's findings do support this hypothesis in that both systems displayed a trend towards greater vertical integration, although this was more marked in the Victorian

system. This difference may be significant in that, as we have seen, the nature of centralisation was very different. Two aspects seem to be important here.

Firstly, task definition in the two systems was distinctly different. Broadly speaking the Scottish policy system following the introduction of Employment Training consisted of several layers which were all engaged in achieving the same task, whilst the Victorian system was increasingly characterised by task differentiation between the state and the national levels of government.

Secondly, flows of authority and resources in the Scottish policy system are uni-directional whilst those in the Victorian system are multi-directional. There was a very real sense in which Scotland was becoming increasingly dependent on the centre for both authority and resources. Whilst it is true to say that the state of Victoria was dependent upon the centre for resources, on occasions the Commonwealth government required to secure authority from the Victorian state government to implement its programmes.

This suggests that organisational studies which focus on centralisation would benefit from being sensitive to both the nature of what is being exchanged and the directional flow of such exchanges. This has obvious methodological implications.

In section 2.6 I also discussed the general insights which existing theory provides on the issue of the relationship between the structure of a given policy system and its behavioural characteristics. Broadly speaking this suggested a relationship between the degree of centralisation and the formalisation of arrangements for co-operation and conflict resolution (Burns, 1963: Burns in Lawrence ed, 1986). On this question the evidence from this study is mixed.

Firstly, the trend towards centralisation in the Scottish system was accompanied by increasingly 'mechanistic' (Burns & Stalker, 1961) behaviour in terms of formalisation of communication systems and standardisation of decision making processes. There was evidence that this was accompanied by a trend towards downward transfer of information at the expense of upward or lateral communication.

However, evidence from Victoria is somewhat more mixed. Behaviour did become more mechanistic in the sense that there was a type of formalisation of consultation and negotiating processes, but the new phase of inter-governmental relations into which

the system had entered was heavily dependent upon very high level interpersonal skills of personal diplomacy. This suggests that there is much to be learned from studying federal systems in terms of challenging or enhancing existing models of the relationship between structure and behaviour.

This is an interesting prospect. The study of organisations has tended historically to take business corporations as its starting point and to attempt to apply any insights gained to public policy systems. However, if as Charles Handy (1991, pp.99-100) argues there are, as yet, few federal corporations in a pure form, our only source of insights into the behaviours which are required to make the corporations of the future work is in the field of political federation. Handy (ibid) goes on to say:

> " The federal organization is not only different in its form and shape, it is culturally different, it requires a different set of attitudes from those who seek to run it and those who seek to manage it and from those who are managed. This is the discontinuity which matters - not the change in structure but the change in philosophy."

Arguably this study has gone some way towards uncovering the form and shape of one federal system but its focus has been quite deliberately on the configuration of the system as a whole. As such it has perhaps done little more than to scratch the surface of those collaborative behaviours which appear essential to the functioning of the system and of the cultural underpinning which supports those behaviours. This suggests that more narrowly focused case studies which track specific decisional behaviours might provide some useful insights into the processes of interdependence which enable federal systems "to compete outside but collaborate within" (Handy, ibid).

Finally, in section 2.6 I explored some possible links between the level of centralisation in an implementation system and its efficiency and effectiveness. For instance, it was suggested that these two phenomena are paradoxical in that the organisational structures most likely to lead to the conception of new ideas are the least likely to implement them efficiently (Mordaunt, 1992). This study again provides mixed results in relation to this hypothesis but, on the whole, does not support it.

Firstly, the idea that efficiency and effectiveness are paradoxical has almost become the motto of modern critics of hierarchy. However, as we have seen, both of the systems studied did show some tendency towards more clearly defined command structures

and vertical integration. In the case of the Victorian system this was accompanied not only by efficiency gains but by improvements in the effectiveness of the system. In the case of Scotland more marked trends towards vertical integration were observed but this was accompanied by evidence of the dysfunctional effects of over-bureaucratisation. The effectiveness of the system also displayed some deterioration. This suggests that not only are efficiency and effectiveness not paradoxical, but also that positive correlations between the degree of centralisation and efficiency and between dispersal of power and effectiveness do not necessarily hold good for inter-organisational systems. As I discussed in section 7.2, the improvements which were secured in the Victorian system seemed to be as much to do with the relational content of linkages as it had to do with the actual configuration of links.

The specific question of innovation is also interesting. As I discussed in section 2.6, Mordaunt (1992) suggested that organisations with clearly defined command structures are most likely to implement change, but this kind of organisation does not give employees space to formulate new ideas, and she hypothesises a relationship between the degree of dispersal of authority within the organisation and the likelihood of innovation. It is true to say that the tightening of the command structures in the Scottish policy making system was accompanied by a decrease in the prolific rate of innovation which the system had displayed in the mid 1980s. It is also true to say that the Victorian system retained a high degree of dispersal of power. However, as I discussed in chapter 6, the innovation associated with these developments in the two systems was largely driven by the centre suggesting that this was more to do with the existence of a critical mass of expertise and perhaps access to the resources required to develop new ideas than it was to do with the whole structure of the system. There was also evidence of local level innovation in the Victorian policy system, particularly in the Small Business Centres which were funded by the Office of the State Training Board, but as we have seen, this was partly the result of enabling regulation and the existence of local networks of experts. This bears out the suggestion that access to resources and expertise are critical factors in enabling innovation and that it is these aspects of structure, rather than the structure overall, which are important.

Arguably then, this study has achieved some insights into the dimensions of the variables at each of the levels which were identified in section 2.3 although it has made less progress in terms of identifying recurring patterns of relationship between variables at these levels. This in part may be due to the rather broad research question

which was framed albeit that this reflected the concerns which originally motivated the research.

What is perhaps clear is that Charles Handy (see section 1.1) had a point when he said that the organisations of tomorrow have a great deal to learn from political federalism. What the study of the Victorian system also suggests is that simply emulating federal structures is unlikely to alter the underlying power structures of our system. This theme is echoed by writers who point to the dominant cultural values of our society as being unsuitable for modern economic development (Coates, 1991, ch.3). In particular, they point to the inability of the British to close the gulf between vocational training and other adjacent policy areas, particulary education and industry (Ainley & Corney. pp.120-121: Wellens, 1963, p.23: Kaufman in Benn & Fairley eds, 1986). The argument that these divisions are cultural rather than structural is aptly summed up by Sir Peter Venables who said:

> "I have an education, he has training. I have a degree or diploma, he has a certificate. One is a professional, the other vocational. I am a teacher, he is an instructor. We have a syllabus, they have a programme. Ours is a preparation for life, theirs a rescue operation."
>
> (cited in Ainley & Corney, 1990, p.121)

The recurrent theme in this thesis is that whilst it can be argued that both policy systems were successful in different ways, the most important distinguishing characteristic of the Victorian networks in terms of supporting sub-national training policy was not so much the pattern of linkages but their relational content. This suggests that the study of the collaborative behaviours of federalism and their underlying philosophy will yield rich insights for Scottish Enterprise as it endeavours to establish itself as a force in vocational training which matches and exceeds the achievements of the MSC. Indeed such insights potentially have much wider application as Scotland establishes a new role for itself in a federal Europe.

QUESTIONNAIRE ON MANAGEMENT AND ENTERPRISE TRAINING INITIATIVES

YOUR INVOLVEMENT

This section asks for some information about your involvement with management and/or enterprise training initiatives during the last 10 years.

1. How long have you been involved with management and/or enterprise training initiatives?

   a. 10 years or more .....

   b. 5-10 years .....

   c. 2- 5 years .....

   d. 2 years or less .....

2. The Manpower Services Commission (MSC) wholly or partly sponsored a range of management and enterprise training initiatives. (NB The title MSC is used throughout this questionnaire to include the Training Commission and the Training Agency as it was subsequently renamed)

   Were you involved with:

   a. MSC sponsored initiatives only? .....

   b. MSC sponsored and other initiatives? .....

3. Which of the following types of initiatives have you been involved with in any way?

   a. Training for new entrants to general or specialist areas of management. .....

   b. Training for redundant managers .....

   c. Training and development for employed managers .....

   d. Training for unemployed people wishing to enter self-employment .....

   e. Training for people already in self-employment .....

   f. Researching training needs .....

   g. Developing training materials and delivery mechanisms .....

   h. Promoting management and/or enterprise training .....

4. Which area would you say you have had most involvement with? (Please tick one area only)

a. Management training and development .....

b. Enterprise training .....

c. Research, development and promotion of management and/or enterprise training .....

Please list all the main initiatives in that area with which you have been involved

5. Which one initiative would you say you had most involvement with?

6. Are you currently involved with management and/or enterprise training initiatives?

Yes ..... No .....

COMMUNICATION WITH OTHER PEOPLE

The following questions are about the communication which was necessary within and between organisations in order to get the work done - the questions all relate to the one particular initiative which you identified at question 5

7. In what job capacity were you involved with this initiative? (Please tick only one - if you were involved in more than one capacity please indicate only the main one)

MSC OFFICIAL

a. with GB remit .....

b. with Scottish remit .....

c. with local remit ..... NB Question continues overleaf

OTHER PUBLIC SECTOR AGENCY EMPLOYEE

d. with GB remit .....

e. with Scottish remit .....

f. with local remit .....

PRIVATE SECTOR EMPLOYEE

i. at GB national level .....

j. at Scottish level .....

k. at local level .....

NON PROFIT AGENCY EMPLOYEE

l.at GB national level .....

m. at Scottish level .....

n. at local level .....

OTHER .....

8. What sort of activities did your work with this initiative involve you in? (Please tick all the entries which apply)

a. Policy formulation .....

b. Designing/developing initiatives .....

c. Planning .....

d. Resourcing .....

e. Selecting providers .....

f. Monitoring and evaluating .....

9. Which of the above activities were you most involved with?

10. Which of the above activities were you least involved with?

11. I am interested in the sort of organisations which you needed to contact (or needed to contact you) in the course of this initiative. Please tick your key contacts in Column 1 and indicate the purpose of thes contacts in column 2.

	Col. 1 Key contacts	Col 2 What was the purpose of these contacts? (Tick more than one column for each contact if appropriate)						
		(a)	(b)	(c)	(d)	(e)	(f)	(g)
MSC:								
National level								
Scottish level								
Local level								
OTHER PUBLIC AGENCY:								
National level								
Scottish level								
Local level								
PRIVATE SECTOR:								
National level								
Scottish level								
Local level								
NON PROFIT SECTOR:								
National level								
Scottish level								
Local level								
OTHER								

a = Policy formulation: b = Design/Develop initiatives: c = Planning: d = Resourcing: e= Selecting provider: f = Delivering services: g = Monitoring/Evaluating

12. Please enter the name of other organisations which you had contact with but which do not readily fit into the categories at question 11 above.

What was the purpose of these contacts?

RESOURCES

This section asks for information about the resources (i.e. the cash, staff or contributions in kind) which were made available for the initiative with which you were involved.

13 Do you think the initiative was

a. Very well resourced .....

b. Well resourced .....

c. Fairly well resourced .....

d. Not very well resourced .....

(Please tick only one entry)

14 I am interested in establishing which of the organisations listed below were the most influential in determining the level of resources which were allocated to this initiative. Please indicate the three which you think were the most influential in order of priority by entering the appropriate number adjacent to the relevant category (ie Most influential = 1, second most influential = 2, third most influential = 3).

MSC		**OTHER PUBLIC AGENCIES**	
a. GB level	.....	a. GB level	.....
b. Scottish level	.....	b. Scottish level	.....
c. Local level	.....	c. Local level	.....
PRIVATE SECTOR		**NON PROFIT ORGANISATION**	
a. GB level	.....	a. GB level	.....
b. Scottish level	.....	b. Scottish level	.....
c. Local level	.....	c. Local level	.....

YOUR VIEWS

This section asks for some personal opinions on a number of issues related to management and enterprise training initiatives.

15. How important do you think the following objectives were for the initiative with which you were involved? (ie still sticking with the initiative you identified earlier). Please indicate the level of importance by ticking one column for each objective below where:-

1 = very important
2 = important
3 = fairly important
4 = not very important
5 = not at all important

	1	2	3	4	5
a) Helping the economy by improving the skill level of the workforce					
b) Alleviating the effects of industria/ economic restructuring by helping people (eg victims of redundancy) to update their skills					
c) Helping particularly disadvantaged groups (eg long term unemployed or disabled people)					

16 Overall how effective do you think this initiative was?

a) Very effective .....

b) Effective .....

c) Fairly effective .....

d) Not very effective .....

e) Not at all effective .....

(Please tick only one entry)

Please say briefly what you think the main strengths and/or weaknesses were.

17. In more general terms, how effective do you think the MSC was on each of the issues listed below? Please indicate by ticking the appropriate number where:-

1 = Very effective

2 = Effective

3 = Fairly effective

4 = Not very effective

5 = Not at all effective

	1	2	3	4	5
a) Training people to enter managerial positions					
b) Helping unemployed mangers to get back into employment					
c) Training and developing managers in employment					
d) Helping unemployed people to start up their own business					
e) Providing training support for those already in business					
f) Researching, developing and promoting mangement training					
g) Researching, developing and promoting enterprise training					

18. How important do you think that the following were in terms of the MSC's vocational education and training priorities?

	Management training and development	Training people to run their own business
1. Very important	.....	.....
2. Important	.....	.....
3. Fairly important	.....	.....
4. Not very important	.....	.....
5. Not at all important	.....	.....

Please say briefly :

a) why you think management training was/wasn't high on the MSC's list of priorities

b) why you think enterprise was/wasn't high on the MSC's list of priorites

19. I would like to contact other people who were involved with MSC sponsored management or enterprise training initiatives. Please list the names of 2 to 3 key people that you know of. It would also be helpful if you could indicate the organisation they belong to and an address or telephone number where you think they can be contacted.

NAME OF PERSON	ORGANISATION AND ADDRESS OR TELEPHONE NUMBER

Thank you for completing the questionnaire. Please return it in the enclosed stamped addressed envelope

QUESTIONNAIRE - MODIFICATIONS TO QUESTIONS FOR VICTORIAN RESEARCH

1. The heading 'enterprise training' was amended to read 'small business management training'.

2. Question 1 was amended as per note 1.

3. Question 2 was amended as per note 1 and the references to the MSC were amended to 'the Commonwealth and Victorian governments'.

4. Question 3h was amended as per note 1.

5. Question 4b was amended as per note 1.

6. Question 6 was amended as per note 1.

7. Question 7 referred to Australian and Victorian levels of the policy system and DEET and OSTB categories were separately identified.

8. Question 11 was modified as per note 7.

9. Question 14 was modified as per note 7.

10. Question 18 was modified as per note 3.

11. Question 19 was modified as per note 1.

INTERVIEW AGENDA

1. MANAGEMENT TRAINING INITIATIVES

Chronology of respondents involvement

Main areas of work and responsibilities

General perceptions of strengths and weaknesses of developments

Perceptions of changing priorities

Perceived role of main government agencies

2. TRAINING REFORMS AND TRENDS IN LEVELS OF CENTRALISATION

Description of centralising/decentralising trends

Respondents perception of strengths and weaknesses

Impact on responsiveness of system

Impact on cost-effectiveness and efficiency of system

Impact on delivery mechanisms

Impact on resource and decision gatekeeping

Impact on methods of working

3. DECISION MAKING IN THE SYSTEM

Location of decision making forums

Changes associated with trends in levels of centralisation

Characteristics of decisional processes

4. RESOURCING

Location of resource gate-keepers

Changes associated with trends in levels of centralisation

Ability to vire funds between budget blocks

Degree of regulation surrounding access to resources

5. COMMUNICATION WITHIN THE SYSTEM

Importance of formal and informal communication

Changes associated with trends in levels of centralisation

Communication between agencies

Assessing the environment and informing the decision makers

CHRONOLOGY OF MAIN MANAGEMENT TRAINING INITIATIVES

VICTORIA 1985 - 1992

Programme Title	84/85	85/86	86/87	87/88	88/89	89/90	90/91	91/92
General Training Assistance	*	*	*					
Skills in Demand	*	*	*					
Labour Adjustment Training Assistance	*	*	*	*	*	*	*	*
TAFE Management courses	*	*	*	*	*	*	*	*
TAFE Customised courses					*	*	*	*
TAFE Small Business Centres					*	*	*	*
Jobtrain				*	*	*	*	*
Skillshare					*	*	*	*
NEIS		*	*	*			*	*

CHRONOLOGY OF MAIN MANAGEMENT TRAINING INITIATIVES

SCOTLAND 1981 - 1998

Programme Title	81/82	82/83	83/84	84/85	85/86	86/87	87/88	88/89
TOPS - Small Business courses	*	*	*	*				
TOPS - Bridge programme	*							
TOPS - Management Extension Programme		*	*	*				
Training for Enterprise					*	*	*	*
Management Development Demonstration					*	*		
MACE					*	*	*	
MCI								*
Enterprise in ET								*
BGT - Pilots								*

SUMMARY OF MAIN MANAGEMENT TRAINING INITATIVES

VICTORIA 1985 - 1992

GENERAL TRAINING ASSISTANCE (GTA): SKILLS IN DEMAND (SID): LABOUR ADJUSTMENT TRAINING ASSISTANCE (LATA)

This set of adult training programmes was offered by the Department of Employment and Industrial Relations. Essentially these programmes offered assistance to unemployed people or victims of redundancy in the shape of training costs and a training allowance. Management training within these programmes was estimated at 5 per cent or less.

TAFE MANAGEMENT COURSES

TAFE colleges provided a range of non-advanced courses in management. Prior to the training reform agenda, these courses tended to follow standard delivery patterns i.e. daily attendance. Following the reform of the TAFE system, a trend towards short, non-certificated courses was evident. Assistance to individuals attending these courses depended on their circumstances. Government agencies did purchase places on these courses for unemployed people who qualified for assistance under retraining schemes.

TAFE CUSTOMISED COURSES

This service to companies developed as a result of the modernisation of the TAFE system. Essentially this involved providing short, non-certificate courses to industry on a consultancy basis for an agreed fee.

JOBTRAIN

This programme was the principal adult training offering following the reform of Commonwealth labour market programmes. It provided training of up to 10 weeks for individuals who had been unemployed for 6 months or more. Courses were purchased from TAFE colleges or other providers by the central government funding agencies. Income support was determined separately depending on individual circumstances. Unemployed managers were in theory eligible for this programme, but in practice it

was estimated that less than 2 per cent of the programme participants were in this category.

SKILLSHARE

The objective of this programme was to provide a combination of income support, work experience and training to long term unemployed people (12 months or more). The programme was targeted on the most disadvantaged and was often provided by community based organisations. Enterprise training featured prominently in this programme.

NEIS

Strictly speaking this programme was part of a self-employment assistance programme which included NEIS and Selfstart. Participants were required to be registered as unemployed. The programme provided funding for training in business skills management, lump-sum assistance for start-up costs and income support for one year. This was generally a low volume, high quality programme.

SUMMARY OF MAIN MANAGEMENT TRAINING INITIATIVES SCOTLAND 1981 - 1988

TOPS - SMALL BUSINESS COURSES

TOPS courses provided training and income support for 12 months for unemployed people or those who were about to be made redundant. Short small business courses were something of a departure from the norm and followed a period in which longer academic courses had featured prominently. Scottish providers played a key role in the early development of these courses.

TOPS - BRIDGE PROGRAMME

Although targetted on unemployed managers, this was essentially a job search training programme. It introduced the part-time (no allowance) model into the TOPS programme but offered participants support in terms of covering training costs.

TOPS MANAGEMENT EXTENSION PROGRAMME

This programme combined formal training in management techniques with work experience. The courses lasted for 6 months and had high success rates in terms of finding permanent work for participants.

TRAINING FOR ENTERPRISE

This was a portfolio of programmes which included The New Enterprise Programme, Self Employment Programmes, Small Business Programme, Management Extension Programme

MANAGEMENT DEVELOPMENT DEMONSTRATION

Strictly speaking this was not a programme, but a facility to fund development projects. Work on this programme contributed significantly to Business Growth Training.

MANAGING COMPANY EXPANSION MACE

In many ways this was a derivative of Management Development Demonstration Projects. It provided grant aid to companies which claimedthat their growth was being constrained by lack of management expertise.

MANAGEMENT CHARTER INITIATIVE

This ininitiative was aimed at establishing a nationally recognised qualification system for managers.

ENTERPRISE IN EMPLOYMENT TRAINING

This programme subsumed self-employment training for unemployed people and the earlier management and graduate enterprise programmes. In theory, individuals had to be unemployed for 6 months before qualifying for assistance. In practice, officials could waive this requirement.

BUSINESS GROWTH TRAINING PILOTS

This pilot programme eventually provided help for established businesses. It included Option 1 - kits for owner managers; Option 2 - seminars for owner manager: Option 3 - funding assistance to employ business growth consultants: Option 4 - funding assistance for joint projects with a number of companies: Option 5 - funding assistance with innovative training solutions/

ANALYSIS OF KEY CONTACTS AND NETWORK DENSITY - VICTORIA

Network purpose	% of reported contacts				Network density %
	MSC	Other public agencies	Private sector	Non-profit sector	
Policy formulation	63.0	20.7	6.4	9.9	42.0
Development & design	61.7	15.2	12.1	11.0	56.0
Programme planning	61.8	19.1	9.2	9.9	56.0
Resourcing	58.6	22.8	8.7	9.9	61.0
Provider selection	54.1	24.2	13.1	8.6	47.0
Programme delivery	52.9	22.2	14.5	10.4	48.0
Monitoring and evaluation	65.8	14.5	9.6	10.1	53.0
Key contacts for policy making and implementation *	58.3	20.6	9.8	11.3	73.0

Abbreviations:

MSC - Manpower Services Commission

* NB - this is not the sum of the previous rows which shows the purposes of such contacts.

ANALYSIS OF KEY CONTACTS AND NETWORK DENSITY

SCOTLAND

Network purpose	DEET	OSTB	Other public agencies	Private sector	Non-profit sector	Network density
Policy formulation						
Development & design						
Programme planning						
Resourcing						
Provider selection						
Programme delivery						
Monitoring and evaluation						
Key contacts for policy making and implementation						

Abbreviations:

DEET - Department of Employment, Education and Training

OSTB- Office of the State Training Board

ANALYSIS OF KEY CONTACTS AND NETWORK DENSITY SCOTLAND AND VICTORIA BY CHRONOLOGICAL PHASES

	% of reported contacts					
	Central govt. dpts.	State govt. depts	Other public agencies	Private sector	Non-profit sector	Network density %
Scotland - Phase 1	56.1		22.6	9.9	11.4	67
Scotland - Phase 3	60.4		18.7	9.8	11.1	56
Australia - Phase 1	37.1	23.3	8.1	12.3	19.2	57
Australia - Phase 2	39.8	20.5	3.7	9.4	26.6	50

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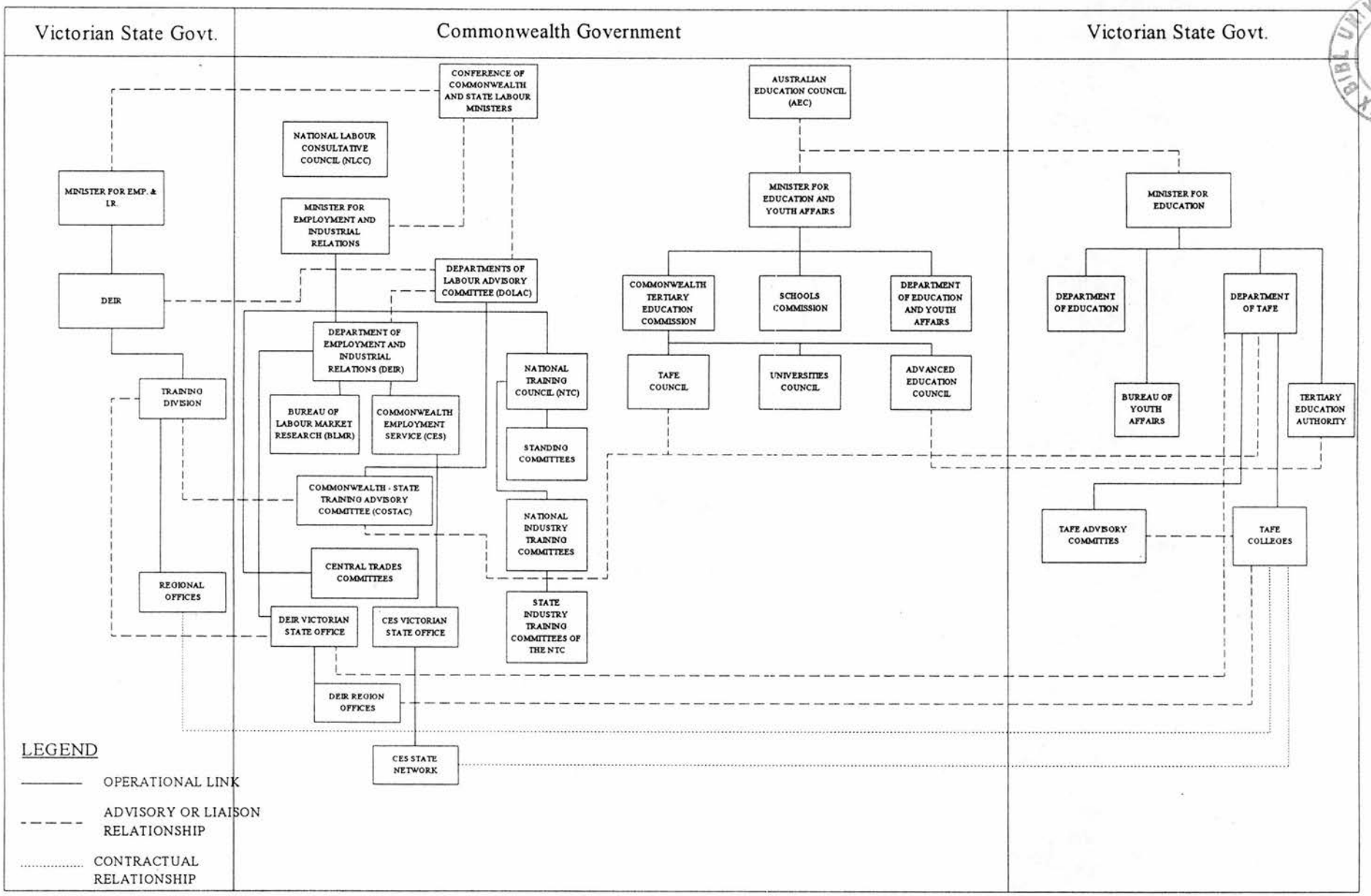


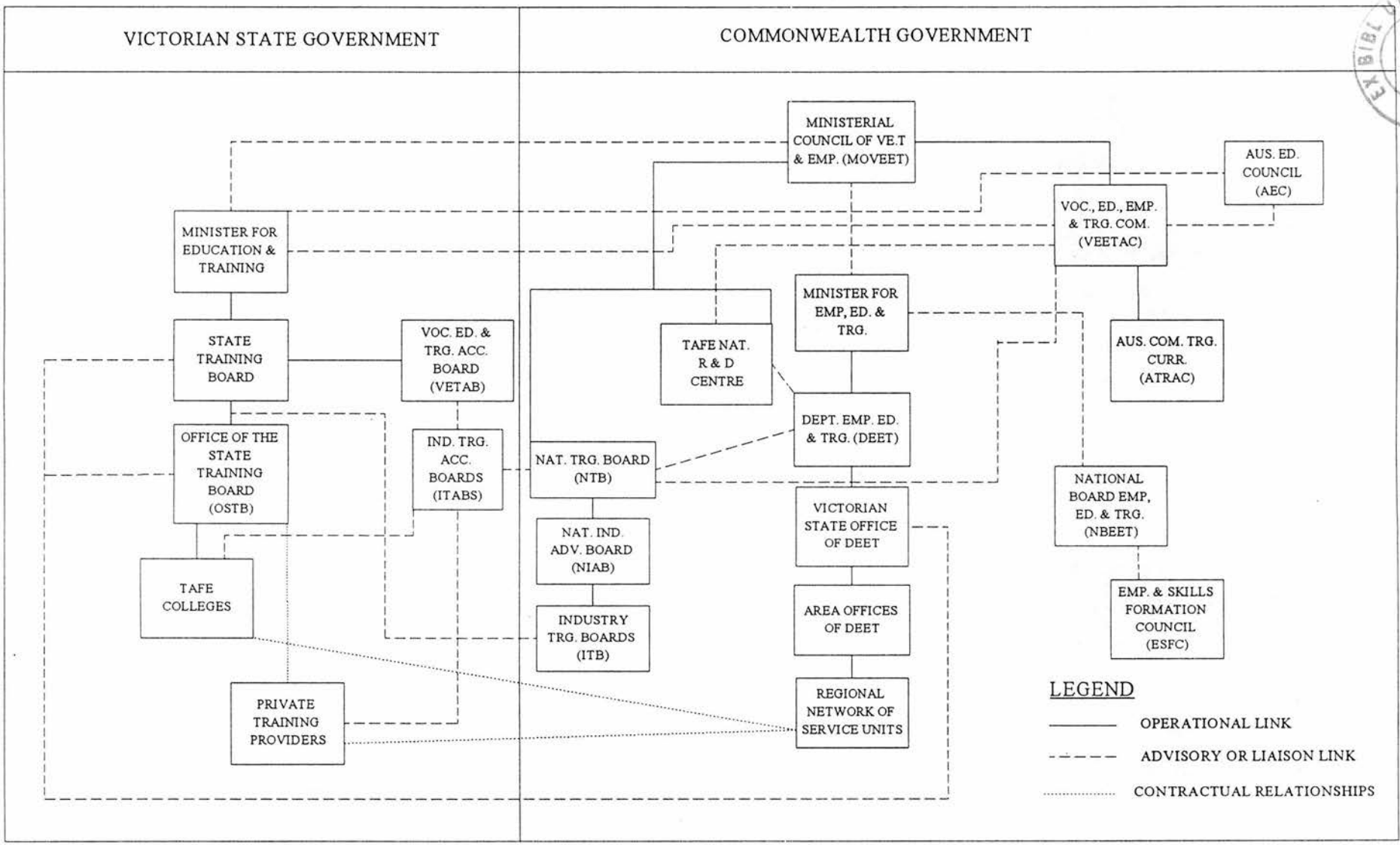
ABBREVIATIONS

DEIR	Department of Employment & Industrial Relations	TAFE	Technical & Further Education
EMP.& IR	Employment & Industrial Relations	CES	Commonwealth Employment Service

COMMONWEALTH & VICTORIAN GOVERNMENT
VOCATIONAL TRAINING AGENCIES
AS AT 1.4.85

DIAGRAM 1V

Adapted from Internal Organisation Charts



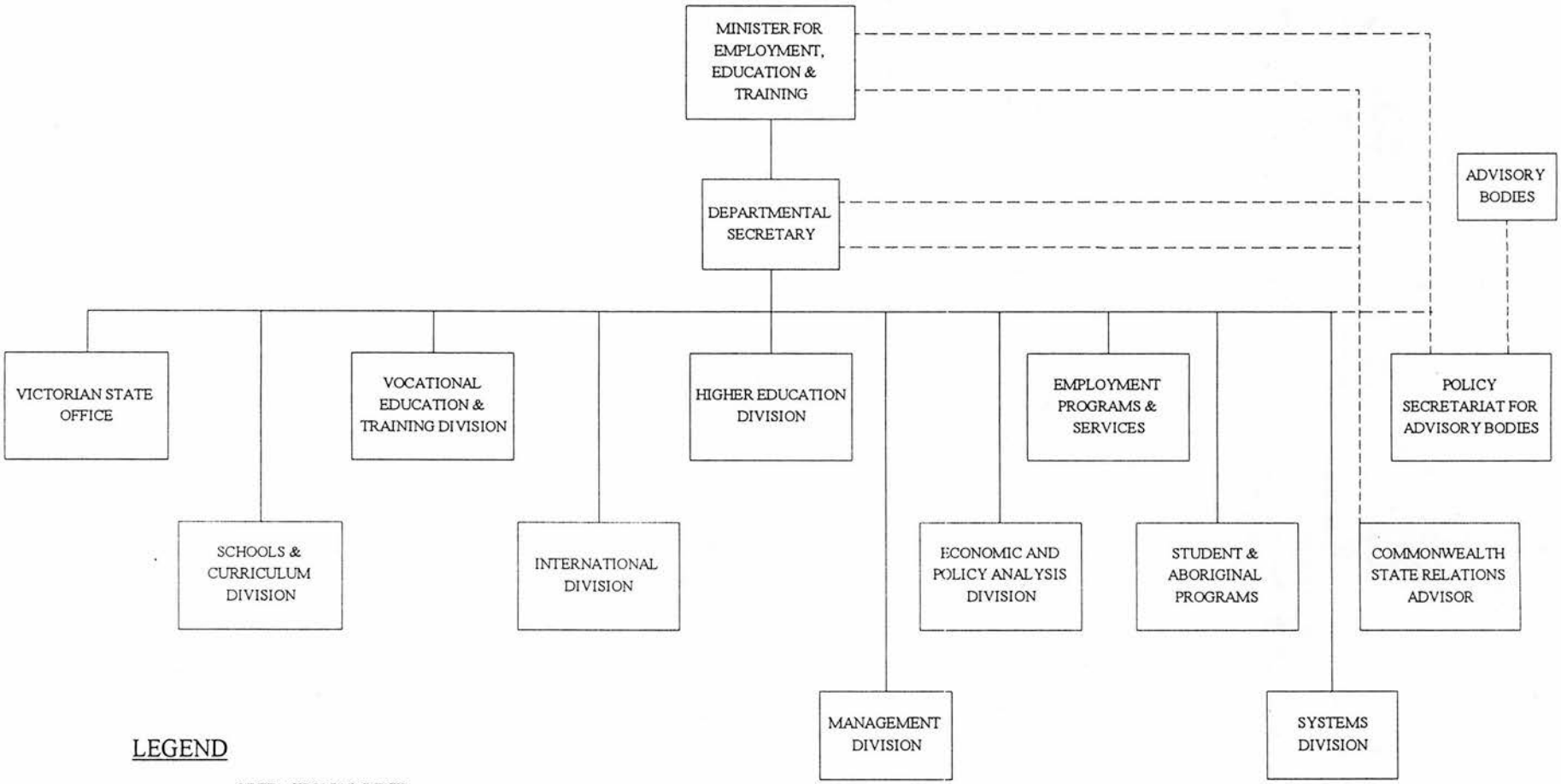
ABBREVIATIONS

TAFE	Technical & Further Education		NAT	National
VET	Vocational Education & Training		IND	Industry
VOC	Vocational		ADV	Advisory
ED	Education		EMP	Employment
ACC	Accreditation		COM	Committee

COMMONWEALTH & VICTORIAN GOVERNMENT
VOCATIONAL TRAINING AGENCIES
AS AT 1.4.91

DIAGRAM 2V

COMMONWEALTH GOVERNMENT VOCATIONAL TRAINING AGENCIES AS AT 1.4.91



Adapted from Internal Organisation Charts

DIAGRAM 3V

VICTORIAN OFFICE OF THE COMMONWEALTH DEPARTMENT OF EMPLOYMENT, EDUCATION & TRAINING AS AT 1.4.91

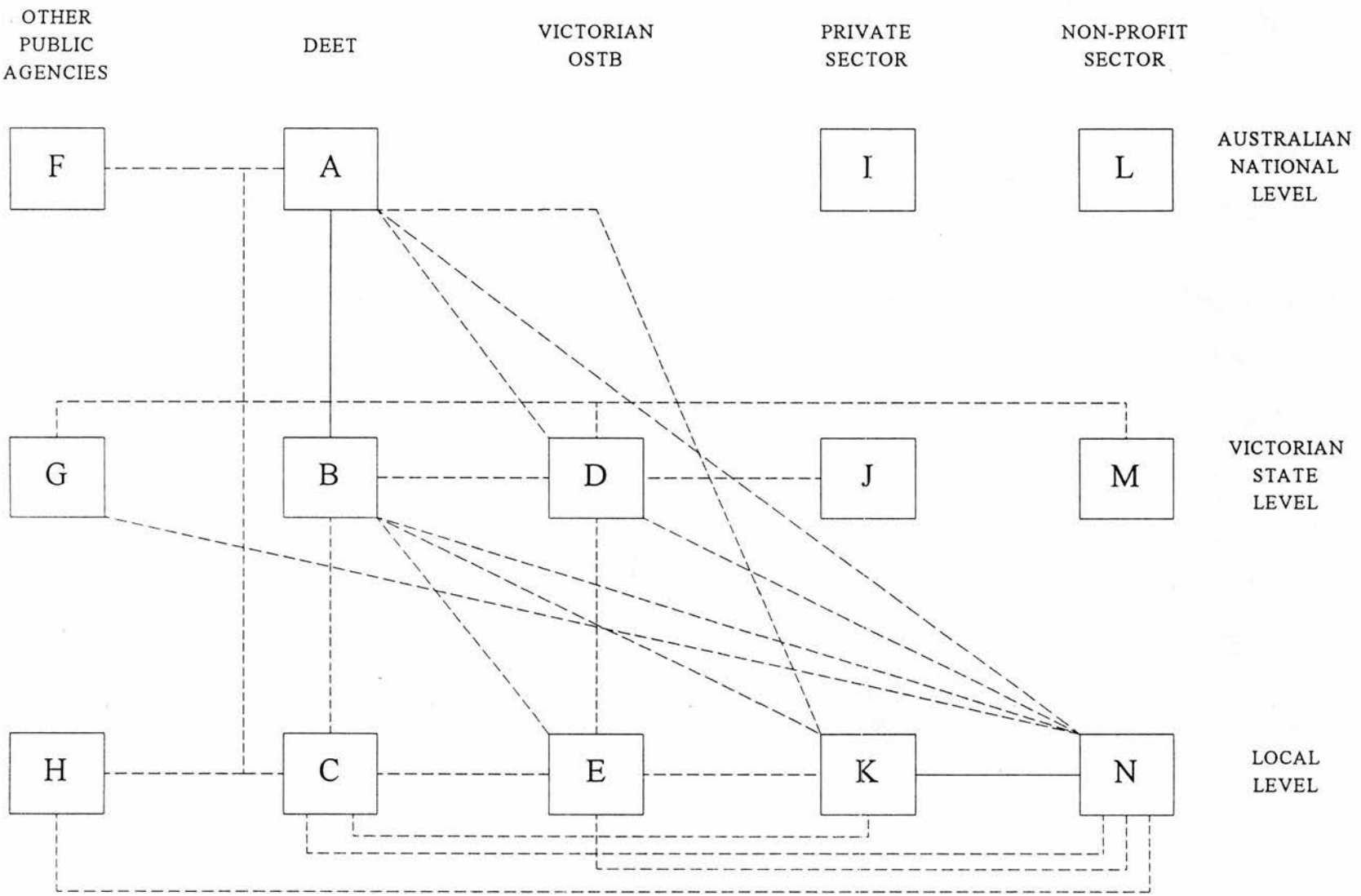
DIAGRAM 4V

Adapted from Internal Organisational Charts

VICTORIAN OFFICE OF THE STATE TRAINING BOARD
AS AT 1.4.91

DIAGRAM 5V

Adapted from Internal Organisational Charts



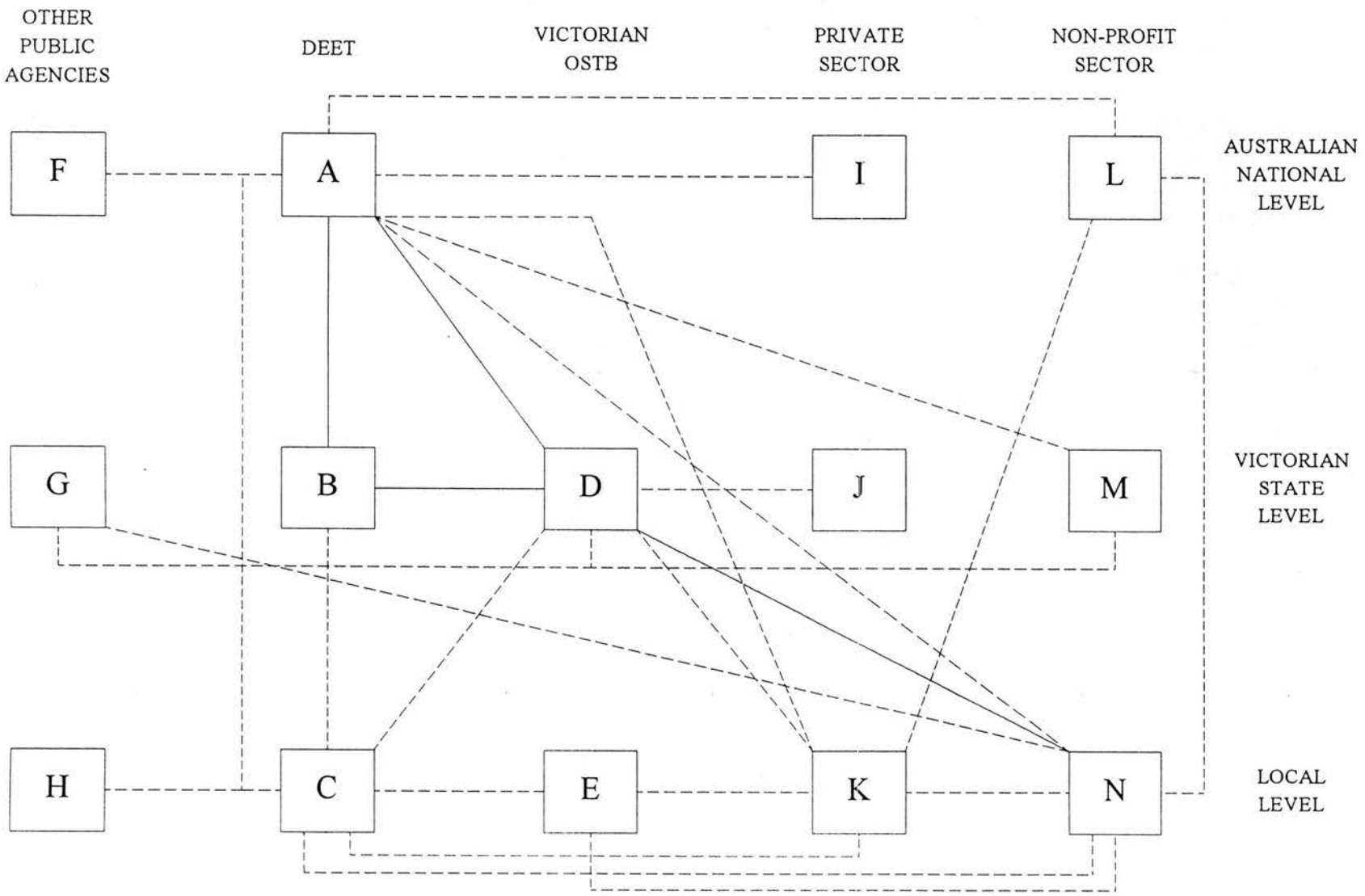
ABBREVIATIONS

OSTB Office of the State Training Board
DEET Department of Employment, Education Training

N.B. DEET and OSTB include forerunner organisations

VICTORIAN VOCATIONAL TRAINING
POLICY MAKING AND IMPLEMENTATION SYSTEM

DIAGRAM 6V



ABBREVIATIONS

OSTB Office of the State Training Board
DEET Department of Employment, Education and Training

N.B. DEET and OSTB include forerunner organisations

DIAGRAM 7V

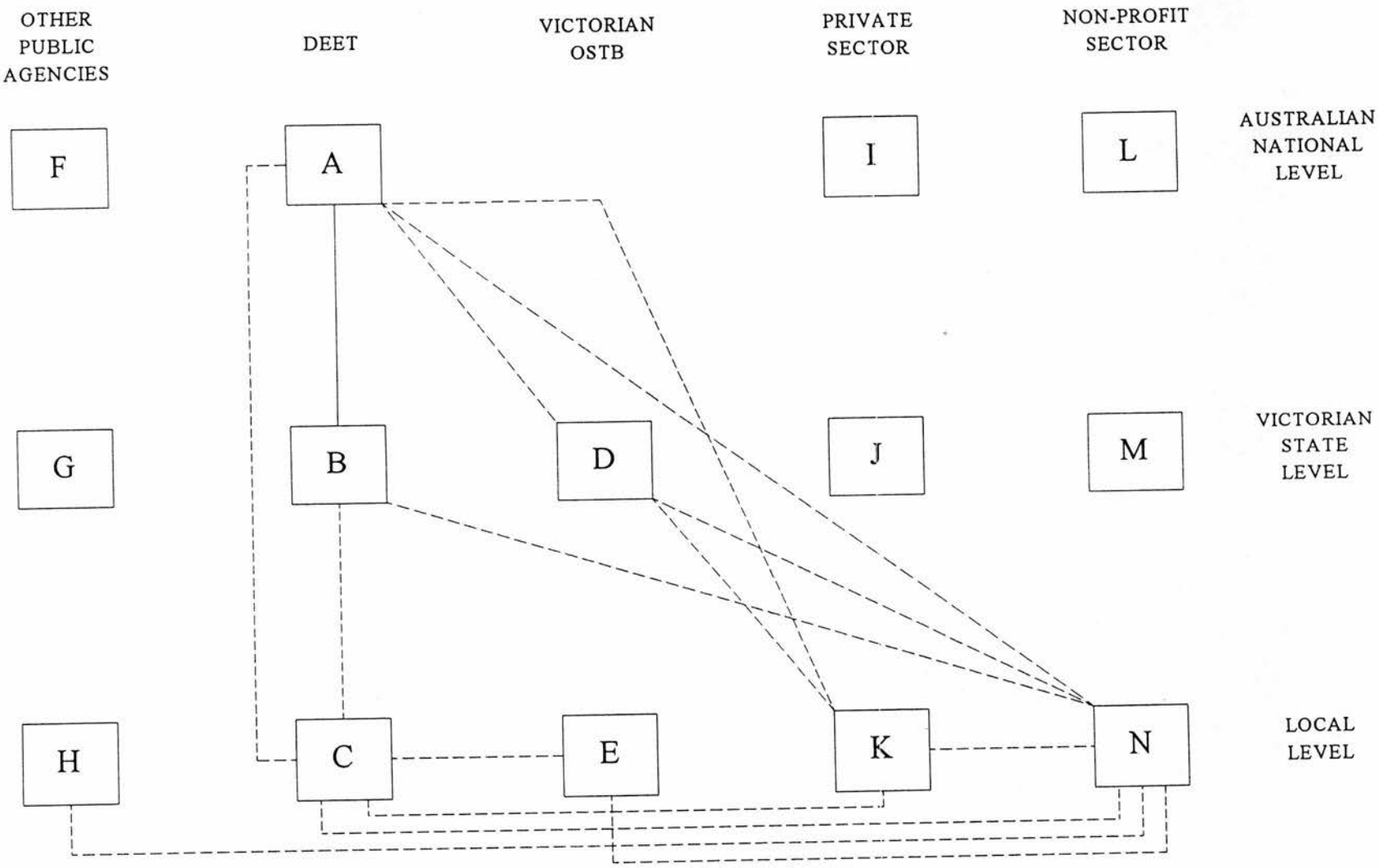
VICTORIAN PROGRAMME DESIGN AND DEVELOPMENT NETWORK

DIAGRAM 8V

ABBREVIATIONS

OSTB Office of the State Training Board
DEET Department of Employment, Education Training

N.B. DEET and OSTB include forerunner organisations



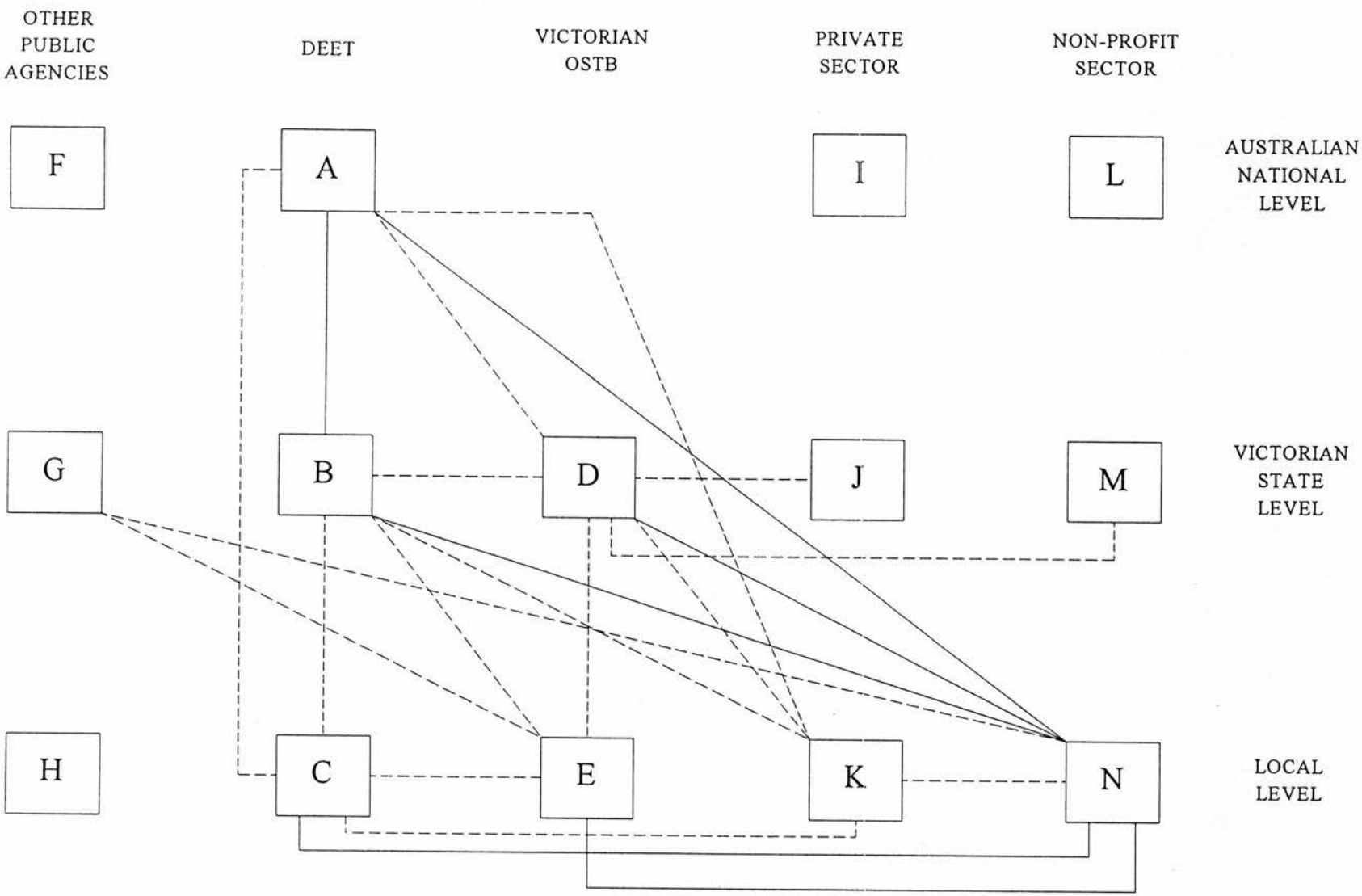
N.B. DEET and OSTB include forerunner organisations

ABBREVIATIONS

OSTB	Office of the State Training Board
DEET	Department of Employment, Education and Training

VICTORIAN PROGRAMME PLANNING NETWORK

DIAGRAM 9V

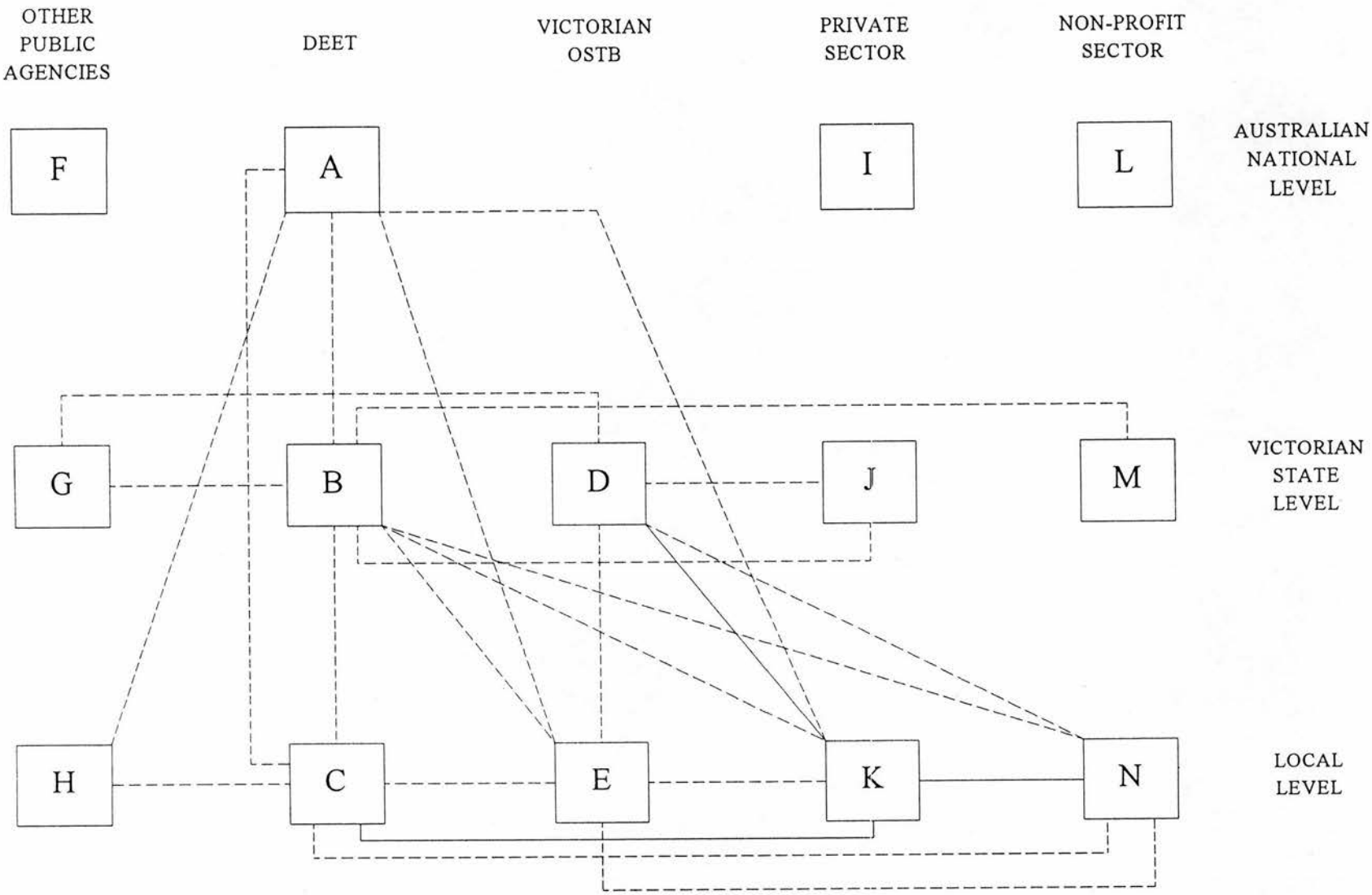


N.B. DEET and OSTB include forerunner organisations

ABBREVIATIONS

OSTB	Office of the State Training Board
DEET	Department of Employment, Education and Training

DIAGRAM 10V



ABBREVIATIONS

OSTB Office of the State Training Board
DEET Department of Employment, Education and Training

N.B. DEET and OSTB include forerunner organisations

DIAGRAM 11V

VICTORIAN PROGRAMME DELIVERY NETWORK

DIAGRAM 12V

ABBREVIATIONS

OSTB Office of the State Training Board
DEET Department of Employment, Education and Training

N.B. DEET and OSTB include forerunner organisations

VICTORIAN PROGRAMME MONITORING AND EVALUATION NETWORK

DIAGRAM 13V

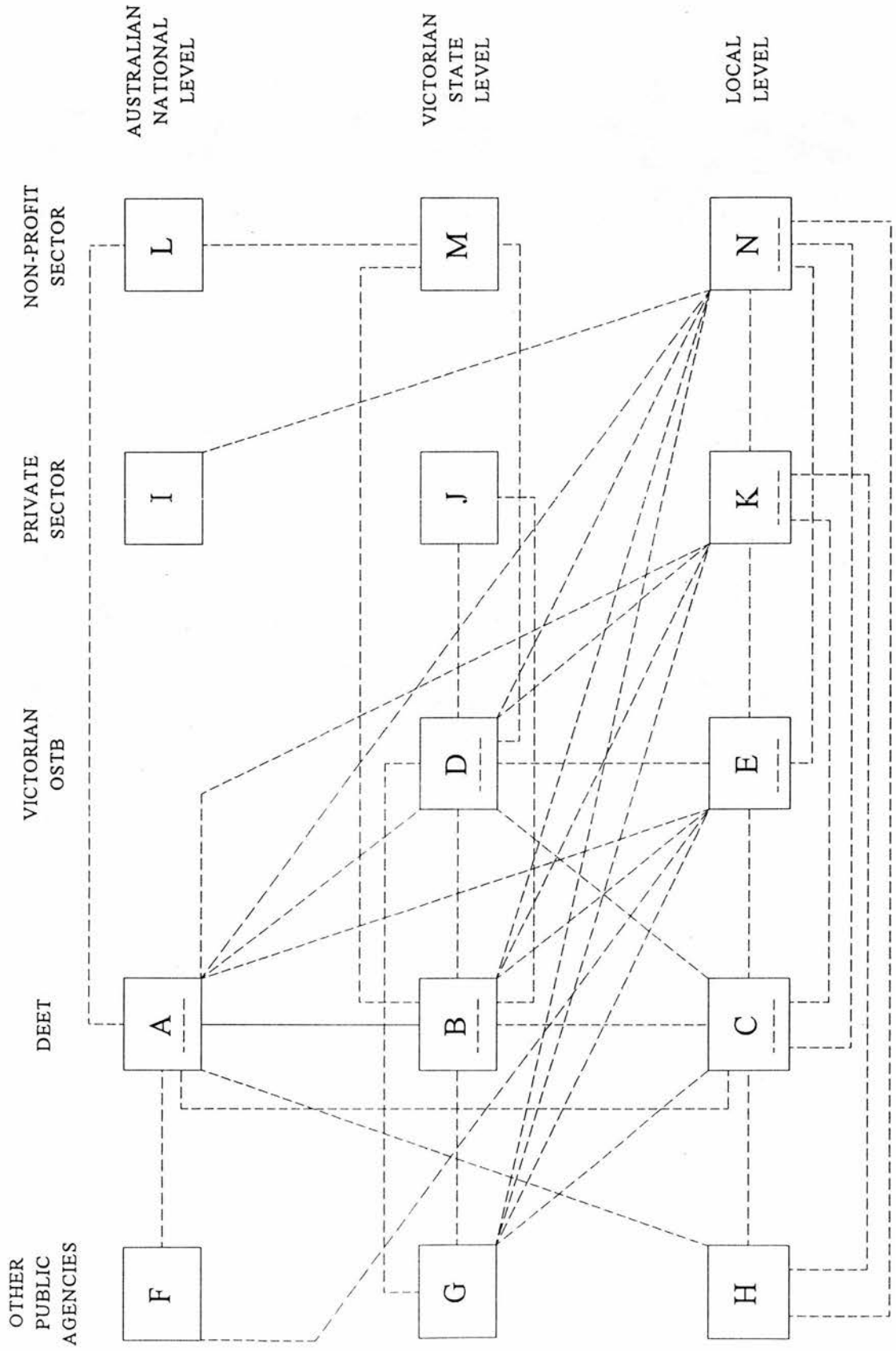
ABBREVIATIONS

OSTB Office of the State Training Board
DEET Department of Employment, Education and Training

N.B. DEET and OSTB include forerunner organisations

VICTORIAN VOCATIONAL TRAINING NETWORK
PHASE 1

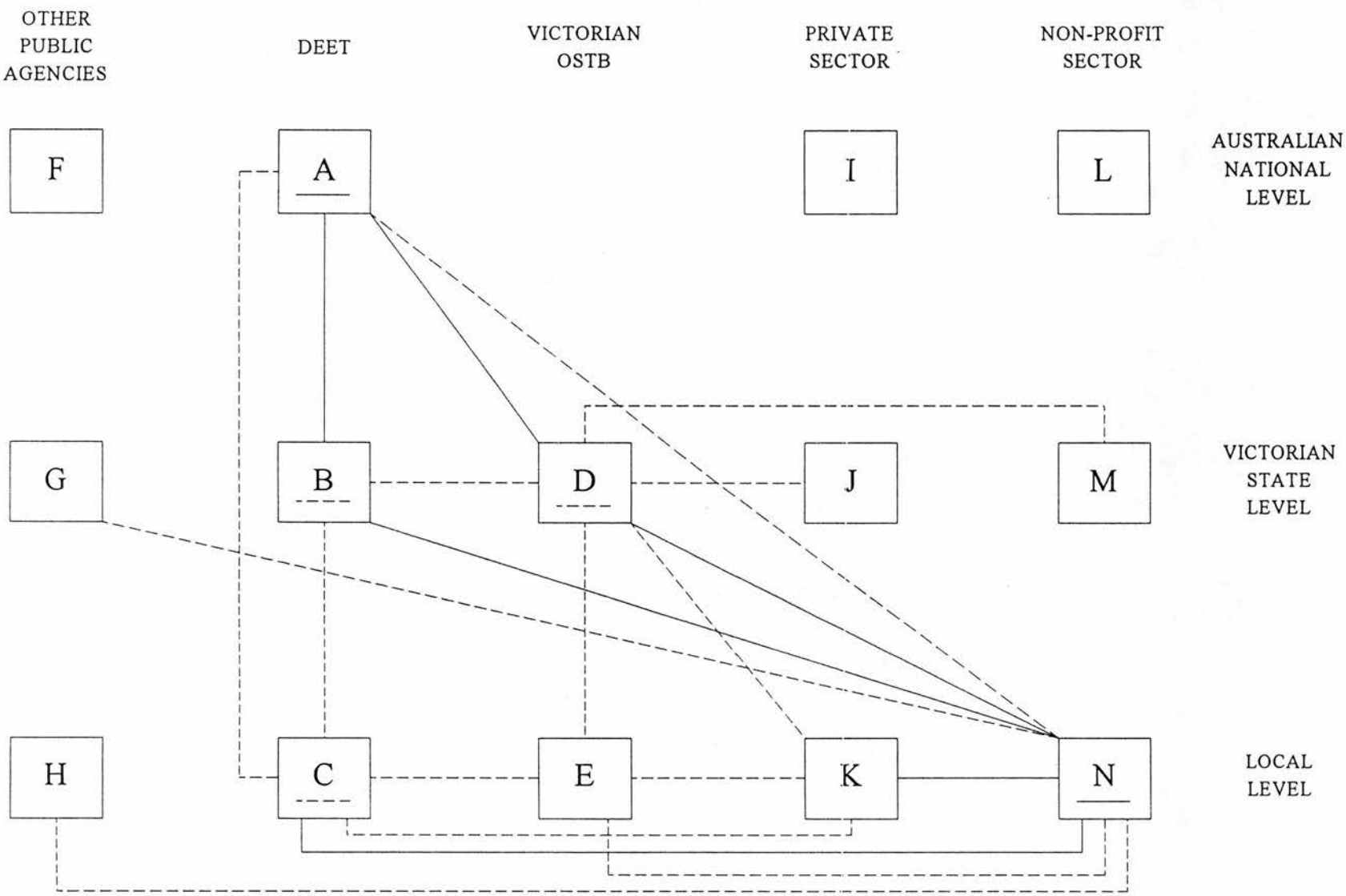
DIAGRAM 14V



ABBREVIATIONS

OSTB Office of the State Training Board
DEET Department of Employment, Education and Training

N.B. DEET and OSTB include forerunner organisations



ABBREVIATIONS

OSTB Office of the State Training Board
DEET Department of Employment, Education and Training

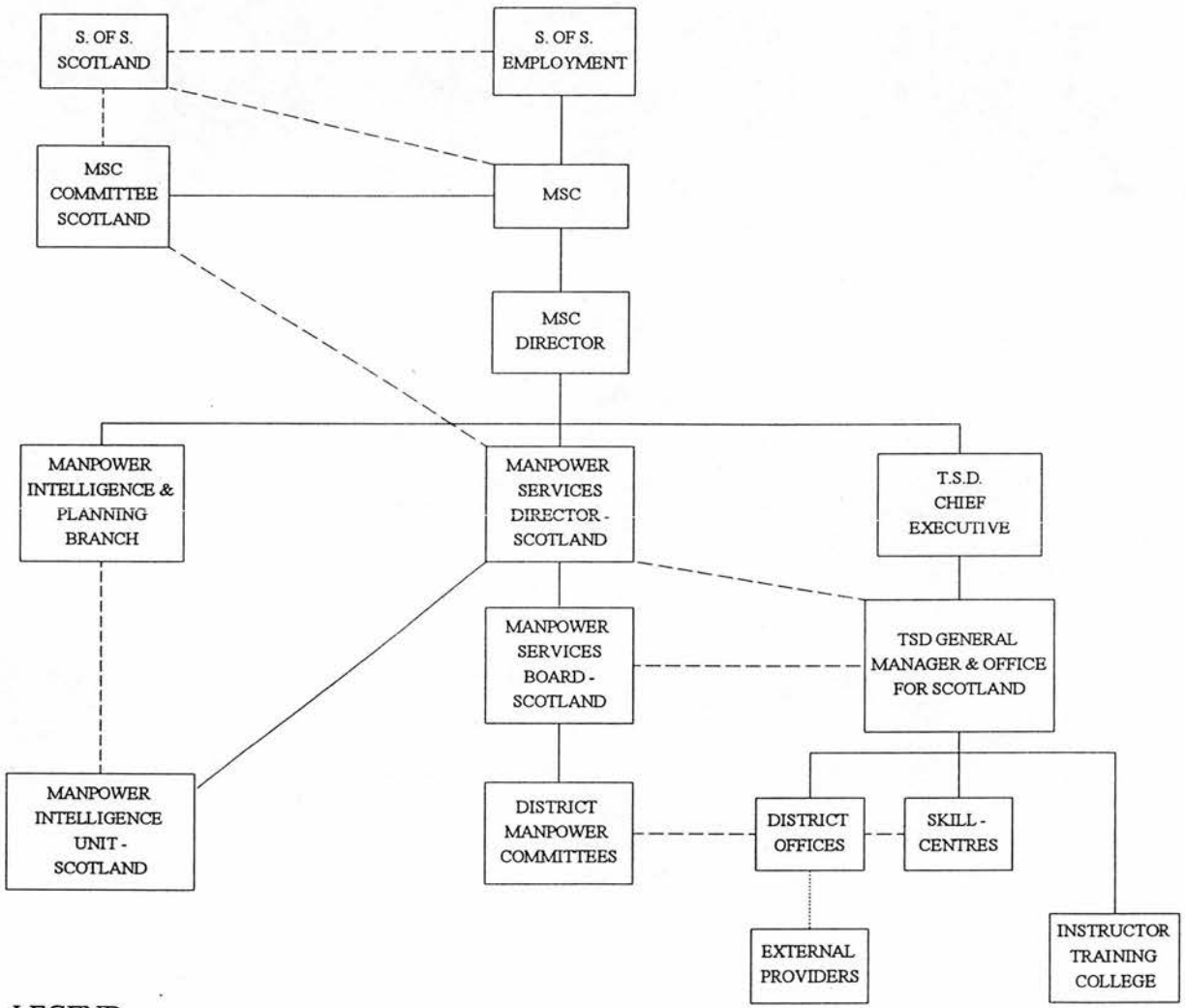
N.B. DEET and OSTB include forerunner organisations

DIAGRAM 15V

VICTORIAN VOCATIONAL TRAINING NETWORK
PHASE 2

SCOTTISH VOCATIONAL TRAINING AGENCIES
AS AT 1.4.81

DIAGRAM 1S



LEGEND

——— OPERATIONAL LINK

- - - - - ADVISORY OR LIAISON RELATIONSHIP

..... CONTRACTUAL RELATIONSHIP

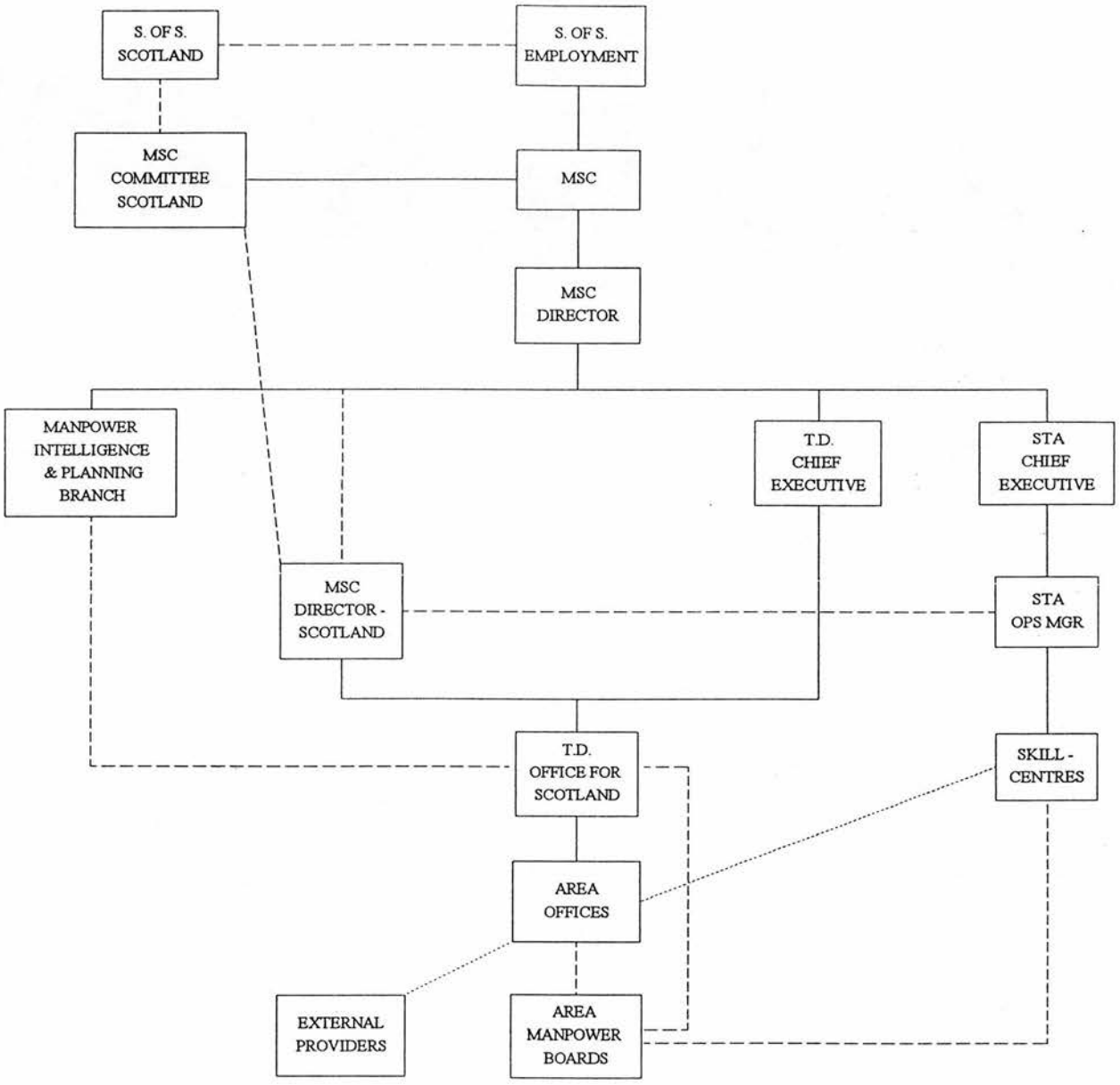
ABBREVIATIONS

S. of S.	Secretary Of State
MSC	Manpower Services Commission
TSD	Training Sevices Division

Adapted from MSC Annual Report 80/81 &
Plan for Scotland 82/85

SCOTTISH VOCATIONAL TRAINING AGENCIES
AS AT 1.7.83

DIAGRAM 2S



LEGEND

——— OPERATIONAL LINK

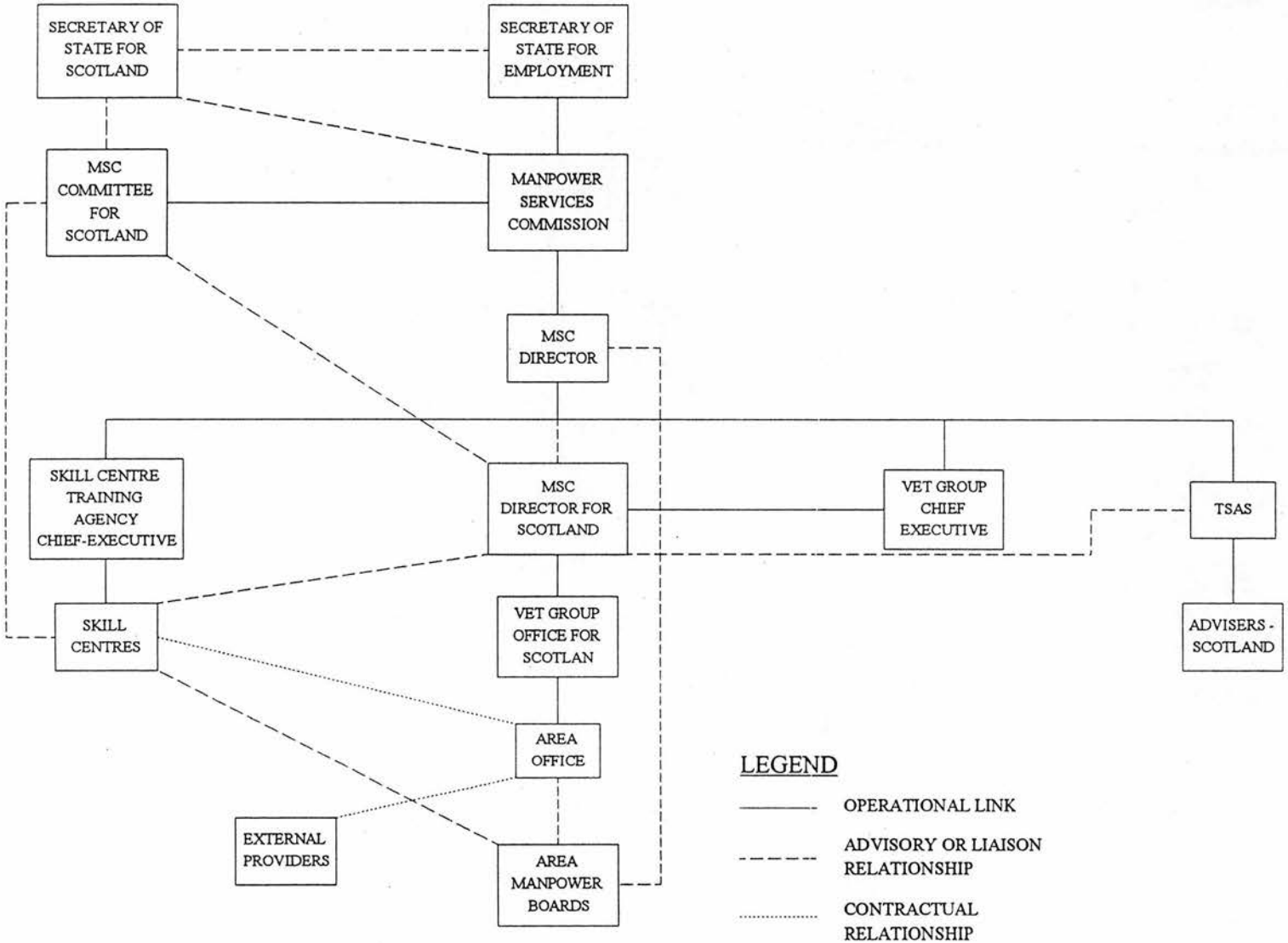
- - - - ADVISORY OR LIAISON RELATIONSHIP

..... CONTRACTUA RELATIONSHIP

ABBREVIATIONS

S. of S.	Secretary Of State
MSC	Manpower Services Commission
TD	Training Division
STA	Skillcentre Training Agency

Adapted from MSC Annual Report 82/83 & Plan for Scotland 84/85



SCOTTISH VOCATIONAL TRAINING AGENCIES

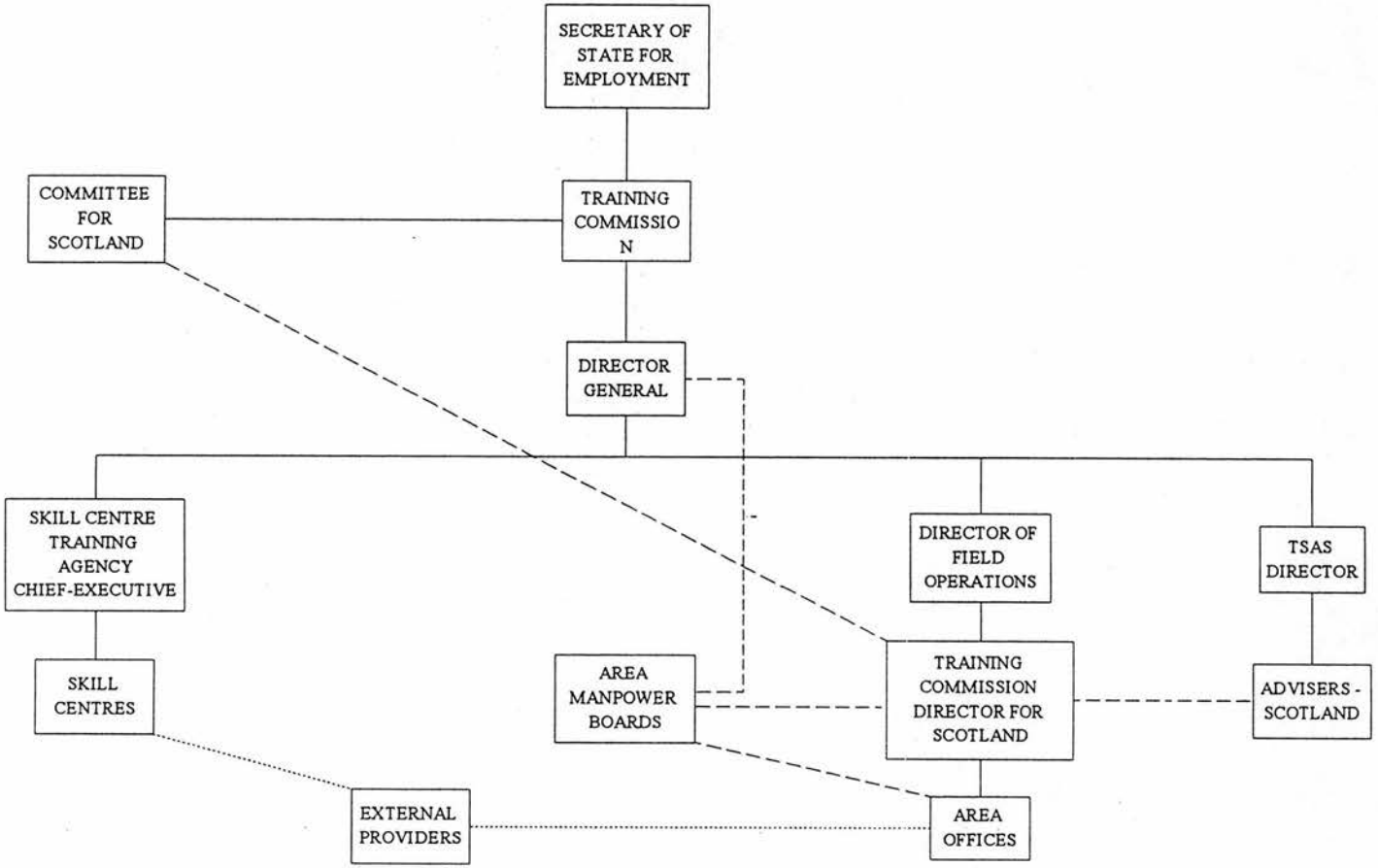
AS AT 31.3.87

ABBREVIATIONS

VET	Vocational Education & Training
TSAS	Training Standards Advisory Service
MSC	Manpower Services Commission

Adapted from MSC Annual Report 86/87

DIAGRAM 3S



LEGEND

——— OPERATIONAL LINK

- - - - - ADVISORY OR LIAISON RELATIONSHIP

..... CONTRACTUAL RELATIONSHIP

ABBREVIATIONS

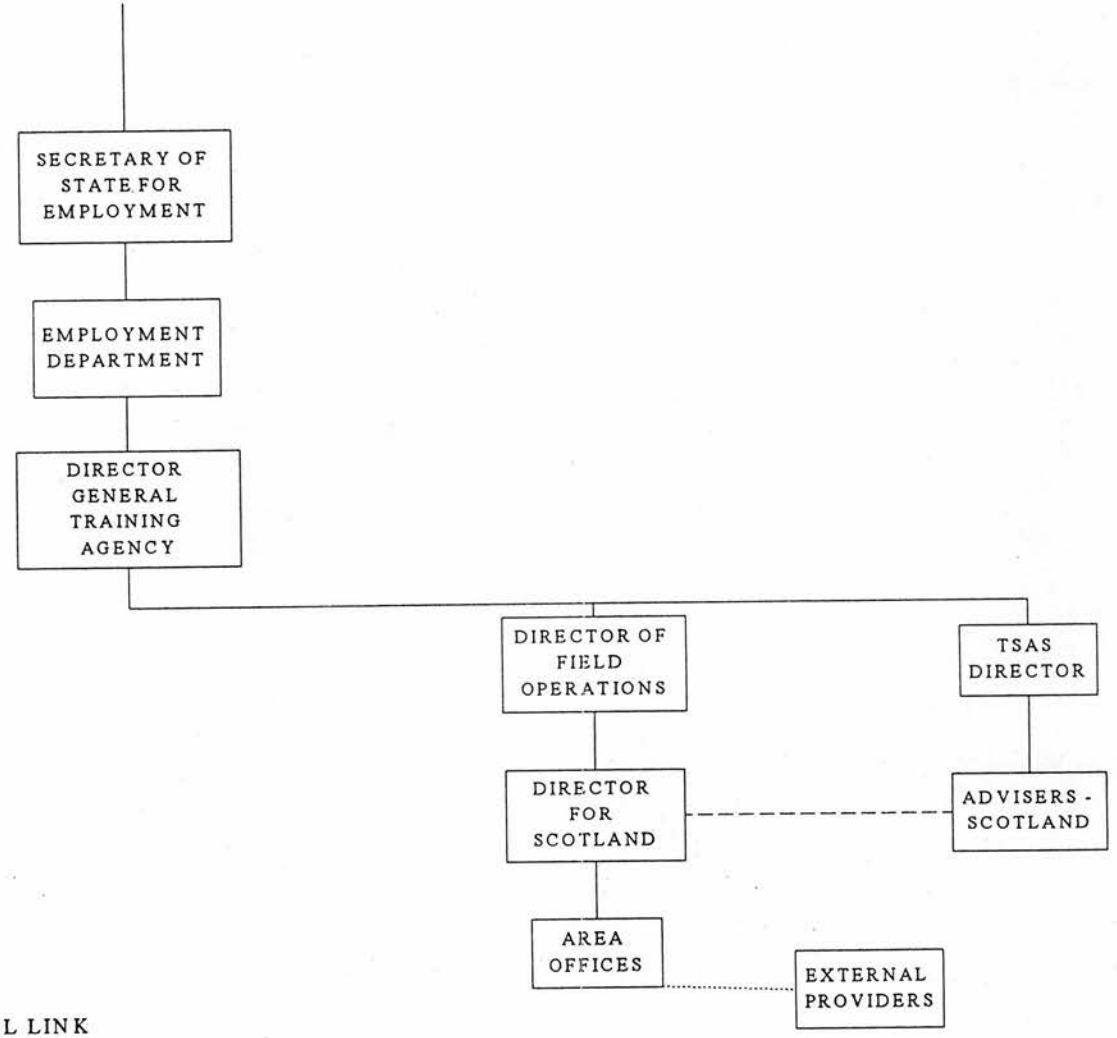
TSAS Training Standards Advisory Service

Adapted from Internal Organisational Charts

SCOTTISH VOCATIONAL TRAINING AGENCIES

AS AT 1.5.88

DIAGRAM 4S



LEGEND

OPERATIONAL LINK

ADVISORY OR LIAISON RELATIONSHIP

CONTRACTUAL RELATIONSHIP

ABBREVIATIONS

VET	Vocational Education Training
TSAS	Training Standards Advisory Service
MSC	Manpower Services Commission

Adapted from Internal Organisational Charts

SCOTTISH VOCATIONAL TRAINING AGENCIES

AS AT 1.9.88

DIAGRAM 5S

SCOTTISH VOCATIONAL TRAINING
POLICY MAKING AND IMPLEMENTATION SYSTEM

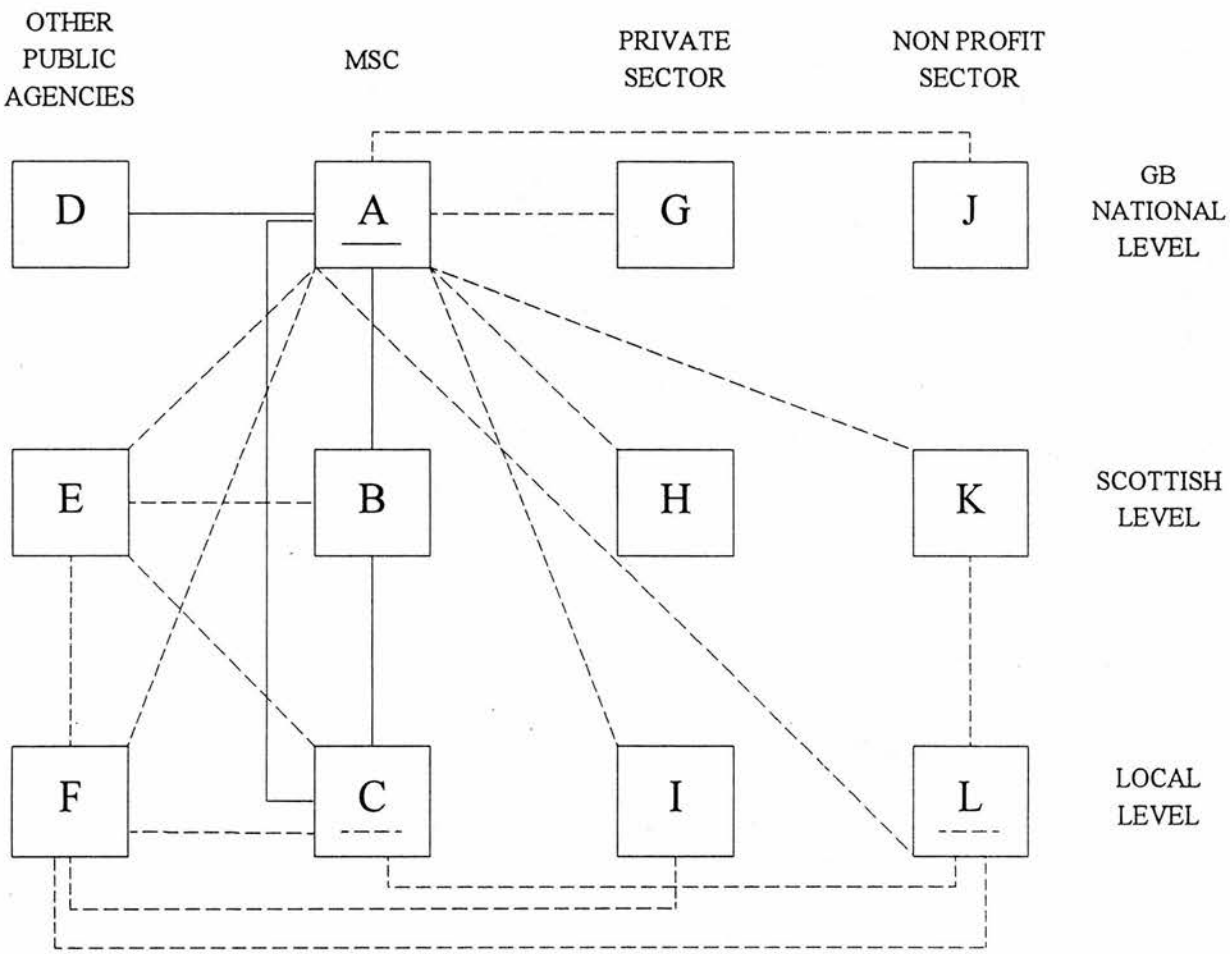
DIAGRAM 6S

ABBREVIATIONS

MSC Manpower Services Commission

N.B. MSC includes successor organisations

SCOTTISH NETWORK - POLICY MAKING



ABBREVIATIONS

MSC Manpower Services Commission

N.B. MSC includes successor organisations

SCOTTISH POLICY FORMULATION NETWORK

DIAGRAM 7S

SCOTTISH PROGRAMME DESIGN AND DEVELOPMENT NETWORK

DIAGRAM 8S

ABBREVIATIONS

MSC Manpower Services Commission

N.B. MSC includes successor organisations

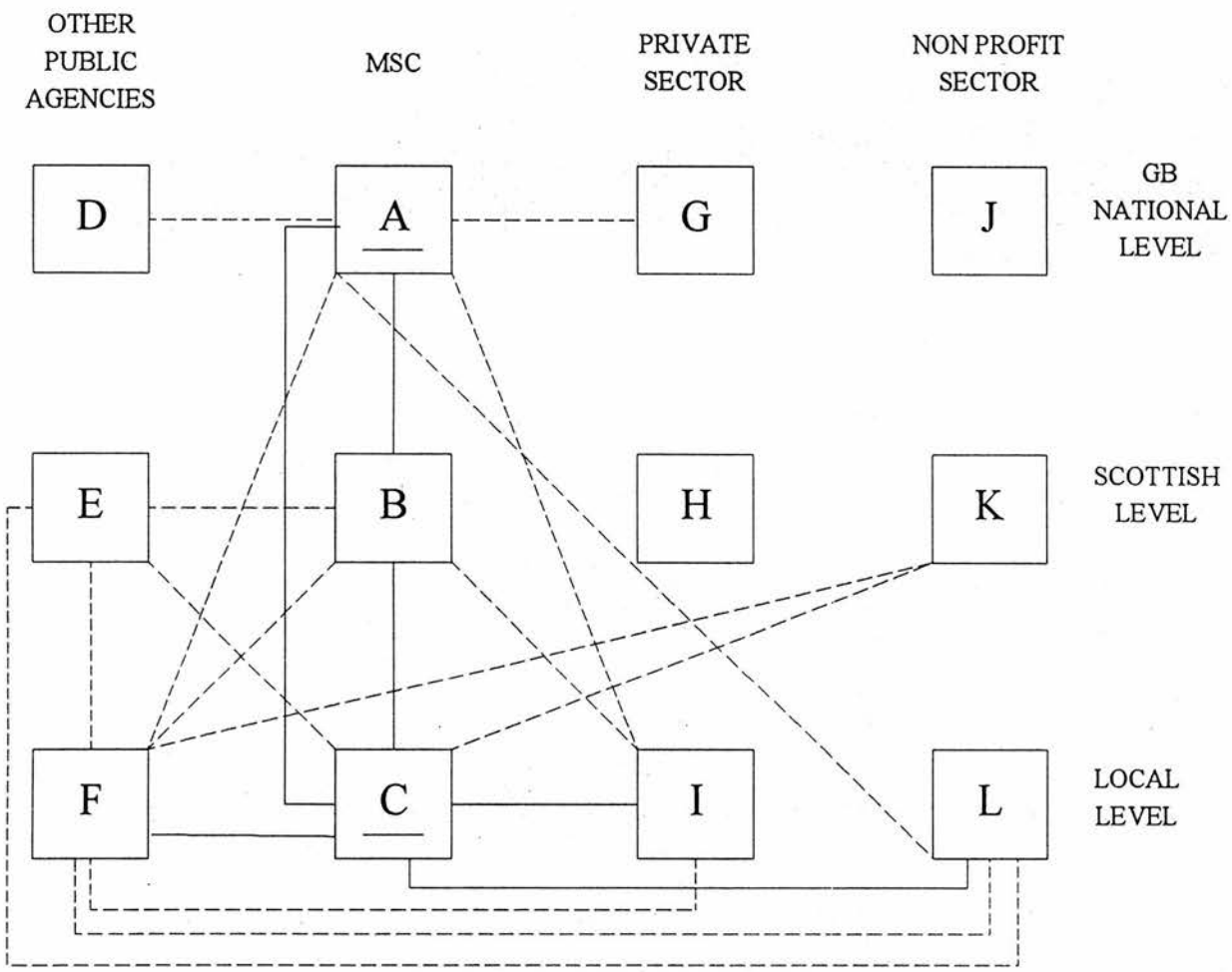
SCOTTISH PROGRAMME PLANNING NETWORK

DIAGRAM 9S

ABBREVIATIONS

MSC Manpower Services Commission

N.B. MSC includes successor organisations



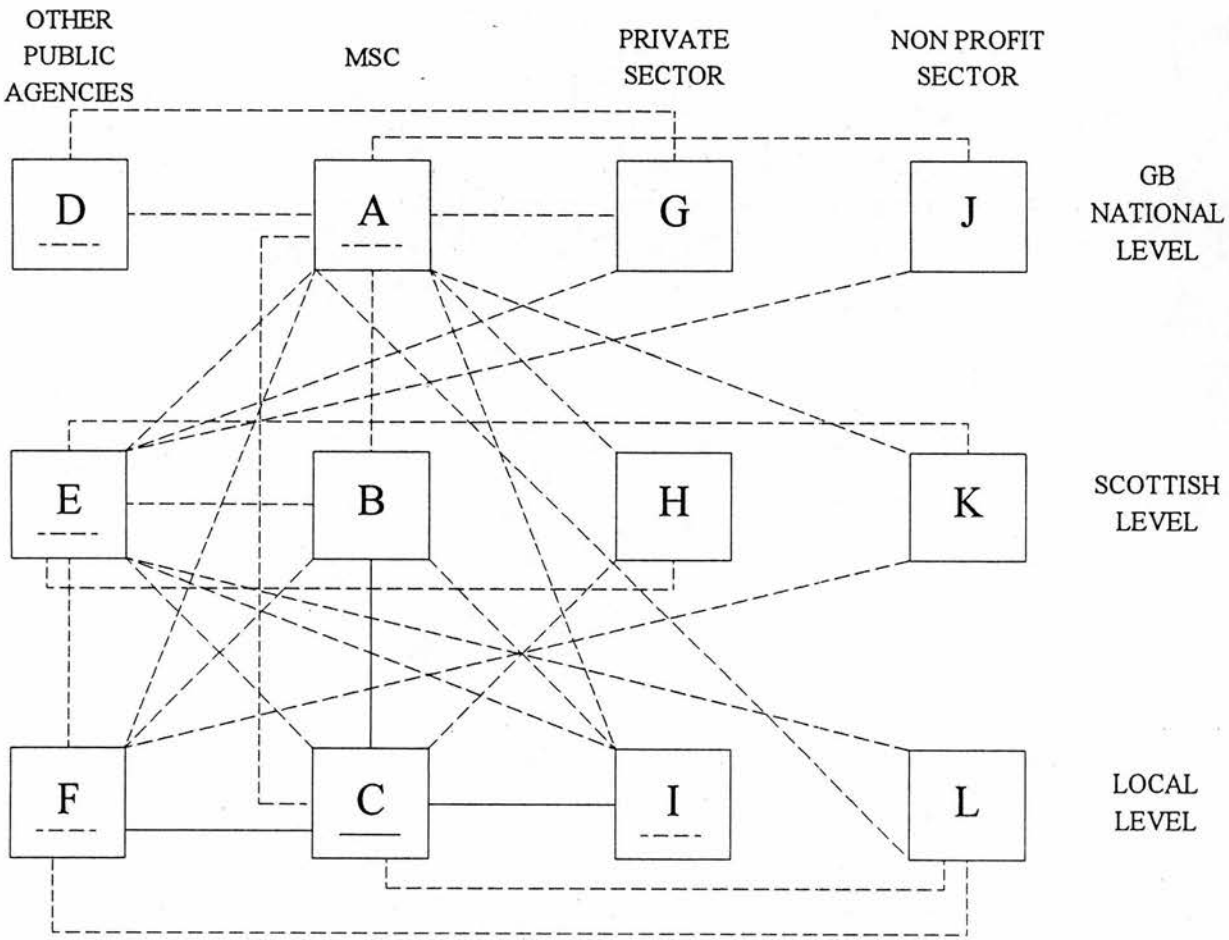
ABBREVIATIONS

MSC Manpower Services Commission

N.B. MSC includes successor organisations

SCOTTISH PROGRAMME RESOURCING NETWORK

DIAGRAM 10S



ABBREVIATIONS

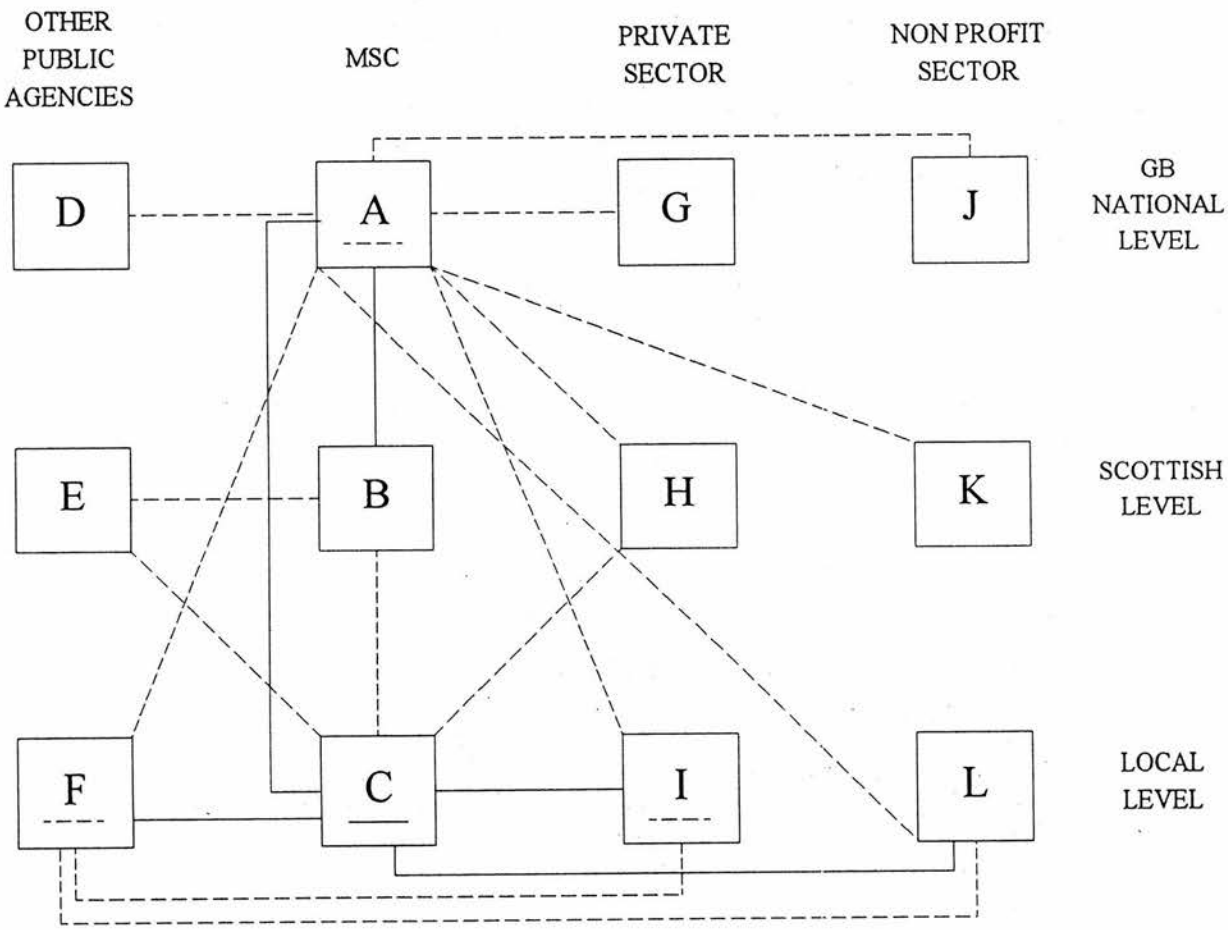
MSC Manpower Services Commission

N.B. MSC includes successor organisations

SCOTTISH PROVIDER SELECTION NETWORK

DIAGRAM 11S

SCOTTISH PROGRAMME DELIVERY NETWORK



ABBREVIATIONS

MSC Manpower Services Commission

N.B. MSC includes successor organisations

DIAGRAM 12S

SCOTTISH MONITORING AND EVALUATION NETWORKS

DIAGRAM 13S

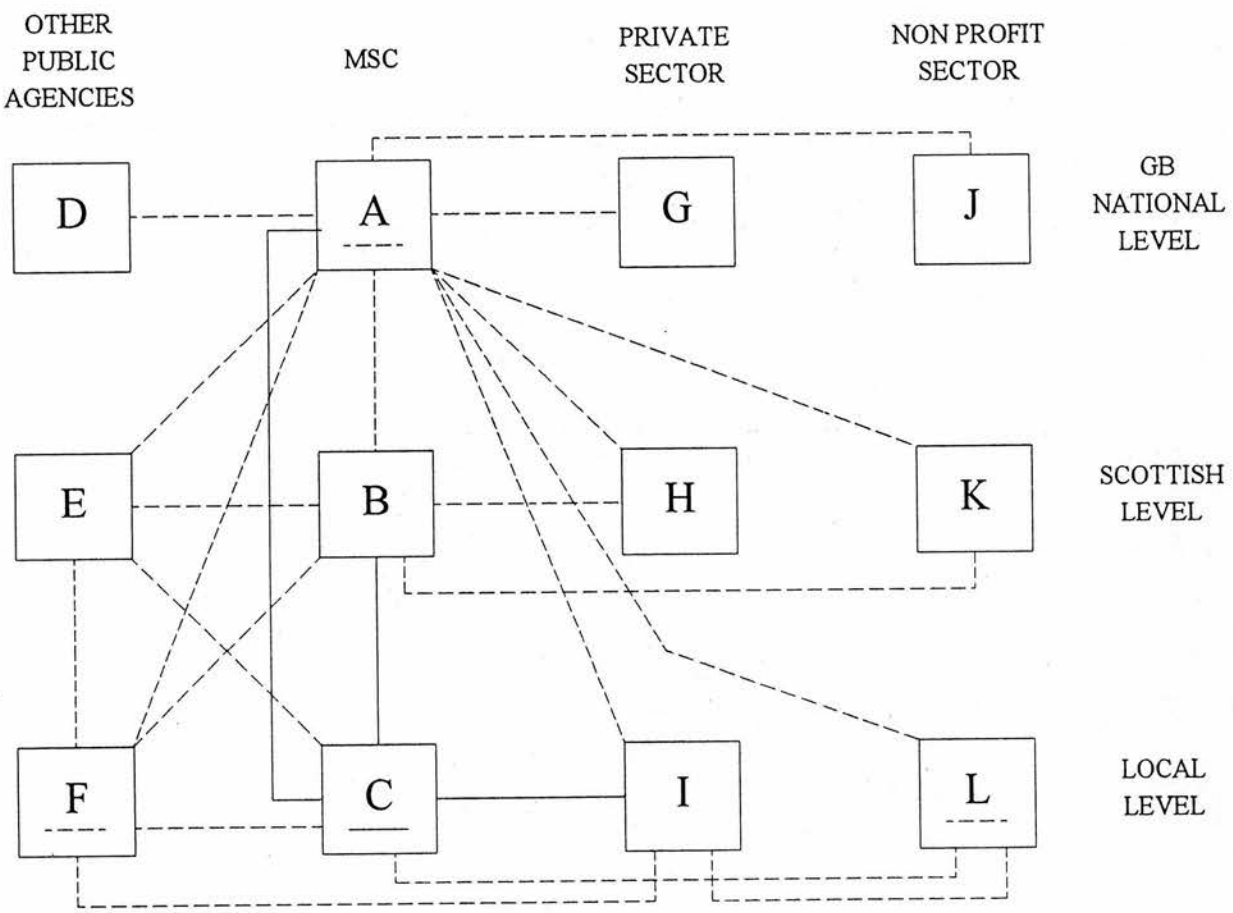
ABBREVIATIONS

MSC Manpower Services Commission

N.B. MSC includes successor organisations

SCOTTISH VOCATIONAL TRAINING NETWORK

PHASE I



ABBREVIATIONS

MSC Manpower Services Commission

N.B. MSC includes successor organisations

DIAGRAM 14S

SCOTTISH VOCATIONAL TRAINING NETWORK
PHASE 3

DIAGRAM 15S

ABBREVIATIONS

MSC Manpower Services Commission

N.B. MSC includes successor organisations